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21 March 1983

## WEST EUROPE REPORT

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NEW ALTERNATIVE-ENERGY RESEARCH GROUP--On Wednesday Sweden received an entirely new organization for domestic energy. This took place at a conference with Energy Minister Birgitta Dahl and the authorities involved in the effort behind so-called bioenergy in Sweden. The conference was set up in order to try to solve the problems which will occur when Sweden more and more changes over to domestic sources of energy. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 10 Feb 83 p 6] 11949

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## PROBLEMS CONFRONTING CHEMICAL INDUSTRY EXAMINED

## Different Crisis

Milan MONDO ECONOMICO in Italian 29 Dec 82 pp 68-75

[Article by Carlo Mario Guerici: "A Different Crisis"]

[Excerpts] A comparison of Italy's situation with that of major countries shows that the nation's chemical industry crisis has a much different significance and requires new solutions. We examine both in this broad analysis that goes to the heart of the problem.

## Italian Perspective

The Italian chemical industry's general situation has become markedly difficult and is the most critical of all the critical situations in our economy. That situation is clearly reflected in the sector's financial trend, which in 1982 will mark a new negative record that has affected the primary as well as the secondary chemical industry. The attempts made for many years by some—for example this writer—to draw attention to the extreme seriousness of the Italian chemical industry crisis and its balance sheet, emphasizing organizational features, evidently had little impact. The crisis in the primary chemical industry was taken lightly and it was concluded that the situation was due to the closing of the SIR [expansion unknown] and Liquichimica plants. Many production weaknesses were underestimated, and the important changes taking place in the location and integration of businesses as well as in innovative developments were practically ignored. In this picture, the crisis in the secondary and fine chemical industries perhaps seemed less serious since it is an historical situation which never exhibited important areas of strength. Diagnoses based on slogans and commonplaces have so far prevailed in these large branches of the chemical industry, and there never appeared to be even so much as an awareness of what the continuation of the crisis could mean for the country.

Italian fine and secondary chemistry presently betray a very precarious manufacturing structure, and they exist in an environment that does not favor the beginning of recovery. Looking at the manufacturing structure of this kind of chemistry in the stronger nations—for example Germany—it is immediately seen

that at the head of some large firms is a very active group of medium-sized businesses with gross sales of hundreds of billions. They specialize in the production of intermediate and/or leader goods in many segments of finished products. Fine and secondary chemical production represent a system within which cooperation and competition mix and are superimposed on one another: The medium-sized firms sell intermediate products to the large companies and vice versa, while the small businesses starting with the high-level activity concepts generated by the system, specialize in very sharply defined segments and niches where the skills required for formulation and description prevail.

In Italy in past years, the large company developed along the major lines of primary chemistry, paying residual attention, so to speak, to the share [of the market] serviced by secondary chemistry. Even under these circumstances there were some positive developments usually based on specific innovations and on special knowledge rather than on the ability to pursue research, application, technical assistance and marketing consistently on a high level. In the meantime, there was the development—often with good financial results-- of a large number of small businesses with very markedly entrepreneurial characteristics which occupied small niches of the market. On the average, these were businesses with from 30 to 100 employees and gross sales totaling between 2 and 10 billion lire.

Unfortunately, the average size of businesses did not increase adequately and if a range of chemical businesses operating in Italy is observed, two situations are noted: that there is a scarcity of medium-sized businesses, and that most businesses of this kind are offshoots of multinational enterprises (mainly American, German and Swiss). These businesses normally prosper on the basis of research or even products made elsewhere, have few relations with the fabric of domestic businesses and export a very small share of their gross sales.

The size of the average business is determined by successful strategies in secondary and fine chemistry and in a wide range of specialities. With gross sales on the order of 50 to 100 billion lire, a chemical business that concentrates on few product lines can finance an adequate research capability and maintain integrated sales organizations. Furthermore (and this non-quantifiable factor is extremely important) these dimensions seem best adapted to permit the strong entrepreneurial control--geared to a detailed knowledge of markets and clients and to flexibility--necessary in markedly innovative and dynamic sectors.

Thus, even though this is not the place for a detailed discussion, it seems that efforts should be pursued that would favor development of small businesses toward a more important role in the industry. Unfortunately, if the structure of the Italian chemical industry is weak for the reason cited, the cultural environment in which it functions seems equally weak. Some steps are being taken in research and innovation, but in this regard it is necessary to go considerably beyond the financial argument, finding effective ways to disseminate technical and technological information, particularly of interest to small businesses, and to improve access to those services which, on that level, it would be too costly to invest in independently.

In other countries, there is a strong relationship between universities and industrial research and it is imperative that such exchanges be reinforced in our country too. It seems that youth give less attention to chemistry disciplines. This makes it increasingly difficult to recruit high-level graduates with the required variety of skills. A probable cause of this is the less-than-exalted image of the Italian chemical industry because of very unpleasant plant situations and perhaps also because of some equally unhappy events regarding health conditions and working environment. In any case, it is unimaginable that there can be a recovery of the fine, secondary and specialty chemical industry without a considerable resumption of the roles played by large companies.

This is indispensable: (a) in order to deal with competition in particularly demanding sectors which require large absolute quantities of research, extended time schedules in which to achieve objectives and high levels of scientific talent; (b) in order to dedicate necessary attention to innovative research lines that may seem marginally profitable now but which could develop in important ways in the future; (c) in order to maintain and/or increase the role of fine, secondary and specialty chemistry whose market is increasingly becoming worldwide. Typical examples in fine chemistry are the activity concepts for pharmaceuticals or agricultural chemicals, and another example in the specialty area is that of technopolymers and engineering plastics.

In regard to these functions the large Italian companies (substantially Montedison and ANIC [National Fuel Hydrogeneration Agency]) must return to a degree of attention that was considerably weakened because the major focus was on development of petrochemicals and thermoplastics. Precise statements can be made only by identifying sectors of interest individually, but some general observations within this frame of reference are necessary so that deeper analyses may be inserted later. A first important point is that even in nonprimary chemistry, the large company must avoid those errors that led to a very serious, actually critical, crisis in primary chemistry. Among these errors we recall: (a) excessive dispersion of interests which led to a proliferation of product lines, without adequate research into the compatibility between the forces present (or that could be acquired in relatively short time frame) and the market potential; (b) overlapping of effort made by various companies which created a framework in which domestic competition prevailed over the need to gain sustainable positions of strength internationally.

Regarding point (a) it must be recognized that within the large company some small businesses exist which apparently can be administered and developed more adequately as minor companies. The maintenance or even the growth of a series of small undertakings strung alongside each other without any visible synergistic relationship should leave room for greater concentration on the major points of strength. Regarding point (b) it is necessary to go well beyond the traditional, but provincial, rivalry between national companies to recognize that in certain ventures there is no room for multiple local competitors. In this case, either the businesses find a way, through combined action, to work together in unity, or they agree on specific areas of

interest that each then follows separately. To cite only one example, an effort in the antiparasite sector seems to require concentration of commitment on only one business within which the problem is then posed of focusing on the most appealing product lines.

Having set forth these premises, it must be emphasized that the most difficult part for our large companies is that they must reconcile the need to propose substantial objectives with a timeframe that is not too distant. Unfortunately if reference is made to new products the amount of time required is already too long for the entire fine, secondary and specialty chemical industry, and this is paralleled by the very extensive financial commitment required. In this context, one is compelled to observe that exclusively domestic development strategies cannot always be achieved and that tactical acquisitions, joint ventures, technological exchanges and various kinds of trade agreements are all possibilities that must be judged case by case. In emphasizing some dangers, it is necessary to beware of the risks in acquisitions that are not carefully evaluated. The dangers actually are numerous and they range from overestimating the value of the business acquired to the possibility that the purchase will represent a true independent leading enterprise rather than another unit in a series.

Outstanding against the background of all these difficulties are the managerial styles and talent concerning which we wrote earlier. Attention to non-primary chemistry requires an enormous change in executive styles: The link between research and development and strategy, flexibility of response to technological change, marketing service and extensive knowledge of clients, the ability to make good agreements with clients and competitors—all these appear to be indispensable ingredients of success, but they are elements that the large company will not be able to put into practice without a long training period and without a great show of determination by all its men.

#### Don't Start Over

Milan MONDO ECONOMICO in Italian 29 Dec 82 pp 74-75

[Article by Gastone Sclavi, FULC national comment]

FULC [Unified Federation of Chemical Workers] secretary's comment:

[Text] The financial crisis of the large companies in the Italian chemical industry surfaced in 1977-1978. Montedison, SIR, Liquichimica and ANIC (in addition to the fiber companies Montefibre and SNIA) had emerged from the 70's recession in disastrous circumstances. The international competition that exploded in the chemical industry after the first crude oil shock, prevented transferring the costs of colossal investments to prices, while a general crisis of excess capacity began to emerge in the plastic materials and fibre sectors. The large German companies at that time had already completed their program of new investment and they began the progressive closing out of the older lines of production; however, those companies were



hard pressed by serious financial problems that pushed them into a tightly woven network of agreements with petroleum companies in order to reduce the various cyclical risks in basic and derivative petroleum chemistry. The Italian companies were late in completing their investment program and because they were "political companies" they were not able to join in establishing new international alliances.

Thus began a long story of political maneuvers typical of those companies and their directors which was marked by political confrontation between the trade unions and the government. This concentrated on demands that Montedison be included in the state participation system. However, the new fact that emerged came from the banks and special credit institutions. The large institutions extending credit to SIR and Liquichimica, with IMI and ICIPU [Credit Institute for Public Works] in the front ranks, could no longer support the risk connected with those two companies. The situation degenerated and the conditions for a "public bailout" were created which provided for transfer of most of the two companies' production enterprises to ENI. In that operation the government directly shouldered debts totaling 3 trillion lire through its Savings and Loan Fund thus avoiding collapse of the two public credit institutions.

From the administrative point of view the consequences were: (1) The IMI and ICIPU directors were replaced, and later ICIPU was dissolved and absorbed into a new credit group; (2) those responsible for administering SIR and Liquichimica were fired and the management structure of those companies was absorbed by ENI.

Around Montedison and its associate Montefibre, and its "liaison" with SNIA (the latter company for some time has been under Mediobanca control), moved a complex banking and credit (mainly IRI) operation headed by Mediobanca. In substance, this complex of banks and credit institutions believed it could by itself support the weight of the crisis in Montedison and its associates, from time to time imposing its own conditions. The first condition was a change of administration in Montedison and its associates. The change would guarantee the rapid "sterilization" of the political character of the company and it was guaranteed by no less than a temporary administration headed by Senator Medici, former minister and recognized political guarantor.

The problem of "new guarantors" arose first in regard to SNIA and then to Montedison. Thus Marzotto went to SNIA. To Montedison went the large group of private businessmen who offered guarantees to the banks concerning effective administration of the industrial reorganization of the plants. Here the second condition came into play: The removal of public representation in Montedison ownership which was effected through the well-known "two poles" operation. In this way, Montedison became a so-called private company while SIR and Liquichimica in effect became publicly owned. In the meantime, the entire phase of Italian economic recovery passed and the economy moved into the current recession, which began in the summer of 1980, without any progress being made in finding a definitive administrative system for Italy's large chemical industry.

Concerning public ownership, actually the undertaking was begun without even having dealt with the problems of the ANIC crisis. The old ENI chemical company perhaps was in the most difficult situation but its difficulties were drowned in the general problem of public ownership of the chemical industry. However, one thing was clear to everyone: ANIC was not capable of undertaking the reorganization of SIR and Liquichimica affairs for the single but well-founded reason that it was not able to deal with its own reorganization. That is, an unpardonable error in industrial bailout was recognized: It was not decided who (what managerial structure) was to supervise the bailout.

This was the starting point for the Enoxy initiative which, in an emergency situation, appeared as a necessity—even though insufficient--instrument with which to fashion some criteria for industrial control of the operation. What is it all about? A company was formed jointly with the Americans in Occidental [Petroleum Company] which absorbed administration of ethylene, rubbers, and plastics. In addition, establishment of several sector companies was initiated for other product lines which instead were administered by ENI-chemical.

In reference to private ownership, by now the boards of directors of SNIA and Montefibre were formed and consolidated and the new Montedison board of directors was progressively established. In general, we were dealing now with three plants (in addition to the two fiber companies) which somehow had begun to redefine their identity and strategy. Five years passed.

It was appropriate that as these initiatives of company reestablishment progressed, an attempt was made to define an industrial planning frame of reference. The trade union favored this as a terrain of conflict with the government, and also as an indispensable concrete point of reference for negotiation with the companies.

However, from time to time,,the framework and perspectives defined in the planning stage were contradicted by the behavior of some companies, or deliberately disowned by the credit institutions which were "guarantors" of the rehabilitation of privately owned companies. Action by the government itself raised obstacles to implementation of the directives adopted when it failed to use available financial measures (easy credit, the Innovation Fund) or when, for example, government departments did not implement the commitments agreed to on reindustrialization.

In recent months an appropriate choice began to develop in the planning stage: abandonment of the idea that the Italian [chemical] war would produce an "Italian cartel" of manufacturers; plant specialization on separate but contiguous market segments in which everyone would gamble all his resources. Under the present circumstances of the European chemical war, this is a necessary choice upon which—despite obvious contradictions and difficulties that were never clearly described—negotiations between ENI and Montedison were based.

Emergency aid to support production as such is needed to prevent the national industry, with its fragile structures, from being "ousted from the market" by the intense European trade war. Similar emergency measures must be adopted on the labor front: It is impossible to accept as realistic the hypothesis--perhaps presented as a "necessary sacrifice" to prevent a catastrophe in the industry--that a large number of workers in the industry be put "in storage" until the advent of better times for the chemical industry and the entire Italian economy. This is a case in which it is necessary to broaden the span of industrial policy instruments, employing powers of drastic or immediate reduction of hours of work for all workers, and instead beginning discussions of partial wage compensation for workers and for government incentives to companies that move in this direction. This choice, taken together with different use (either rotation or part time) of the Compensation Fund, can show the way to a new administration of industrial policy during the long depression of the 80's.

However, financial and capital problems still remain that really threaten to take the terms of the discussion back to 5 years ago. ENI still must be put in a position to use the ENI-Chemical companies' capital and to control contractual relations with Occidental in order to prevent Enoxy's collapse. The banks that guaranteed rehabilitation of Montedison must be required to support it actively, reducing the extreme pressure to disinvest and give up economically sound ventures, pressures which threaten to start a regressive spiral in Montedison administration.

The IRI banks headed by Mediobanca so far have refused to establish a consortium that would convert Montedison debentures into capital stock. The fact remains that this refusal substantially alters--and not merely in a formal way--the objectives set by Montedison directors. It is one thing to work toward regaining margins of profit, but it is quite another to work in order to pay interest to banks. For this reason, it is necessary to restore dignity to industry planning by establishing within the government framework an Authority assigned specifically to implement crisis plans for the chemical industry, thus strengthening possibilities of assistance and government control of the operation. More than anything, the story of this affair teaches that it is no longer possible to become aware of problems and then begin to work toward solutions 2 years later. If decisions were made in the past that became operative in a completely different phase of the economic cycle, this time there would be the risk of working in a situation of irreversible industrial and economic degradation.

It is such an insidious situation as this that temptations "to start over" should be rejected regardless of their source. It is a matter of facing up to industrial problems whose scope cannot be underestimated: This is not the time to "play Monopoly." Between planning objectives and the conditions of an oligopolistic market in a state of crisis, profound contradictions arise that cannot be overcome with decrees on ownership or administration, but by leading everyone, and primarily the national government, back to acceptance of his own responsibilities.

## FINANCE MINISTER ON ECONOMIC, FISCAL POLICIES

Rotterdam NRC HANDELSBLAD in Dutch 29 Jan 82 p 17

[Report on interview with Dr H.O.C.R. Ruding, minister of finance, by editors Jose Toirkens and Tom van Zweeden: "Dutchmen Must Behave Themselves"; date and place of interview not given]

[Text] Dr H.O.C.R. Ruding (43 years old) studied economics at the Institute for Economics in Rotterdam. After graduating in 1964, he earned his doctorate (cum laude) 5 years later with the dissertation: "Toward an Integrated European Capital Market." From 1965 until 1970, he was head of the International Monetary Affairs division of the general treasury in the Ministry of Finance. From 1974 until 1976, he was director of the Amro Bank in Amsterdam. From 1977 until 1980, Dr Ruding was one of the administrators of the International Monetary Fund. After his return he became a member of the board of directors of the Amro Bank. He has been a member of the KVP [Catholic People's Party], later the CDA [Christian Democratic Appeal], for the last 15 years and was one of the drafters of the 1976 CDA report: "Building Stones for a European Policy."

"That amount of 4.5 to 6 billion guilders in cost reductions for business and industry in 1986 is a guide, not a law. This cost reduction has become too absolute. There are clauses in the government agreement which mean that in case of disappointments or if the budget cuts fail, the cost reduction would be in danger."

This comment was made by Minister of Finance Dr H.O.C.R. Ruding. The question is how future disappointments -- and they are already foreshadowed -- will be compensated. One possibility is a further limitation of the cost reductions for business and industry announced in the government agreement, which are supposed to increase from 2 billion guilders in 1984 to 6 billion in 1986. The administration has opened the possibility of deducting extra expenses in the amount of 1.5 billion guilders -- also specified in the government agreement -- from the cost reduction.

Unless there are windfalls, this would mean a cost reduction of 4.5 billion guilders rather than 6 billion in 1986. In his interview with NRC HANDELSBLAD, Minister Ruding further stresses the relativity of the cost reduction.

He said: "I am not leading the way in saying that cost reduction should not take place."

"But I do say: if people do not behave in society -- the planned savings, for example, must be implemented -- then you run the risk that more and more will be deducted from that cost reduction. I take a tough position on this. I am very much in favor of a cost reduction for businesses. I am only saying: friends, do read the government agreement through. No, I am in favor of it, and I hope that the cost reduction will take place, but then everyone in the Netherlands will have to behave. Listen, listen to what the minister of finance is saying."

If the assumptions, on which the government agreement is based, come true then the volume of the retrenchment plans included in the agreement will be adequate, according to the minister. He recognizes, however, that the estimated economic growth for this year, and probably for next year as well, was too optimistic.

"If the development of the international economy and of world trade are less than anticipated, then the assumptions of the government agreement will be undermined. Then changes will have to be made. The 1.5 percent economic growth, used as starting point in the government agreement, will probably not be achieved in 1984."

"Although you could get a rapid recovery if economic growth in America firms up. If that doesn't happen, then I take a gloomy view. Our economy has already been weakened so much that it is mostly not able by itself to take initiatives to invest and produce more."

Disappointments are already foreshadowed not only for the years 1984 up to and including 1986, but also for the current year. Ruding remains silent about the volume, but he takes into account the fact that national gas proceeds will not be up to par because of lower sales, due to the mild winter and the recession. A price reduction could also take place, but it is still too early to evaluate the consequences of oil price developments. There is a quick follow-up effect here. What is certain is that unemployment expenditures will also go up. Among the disappointments, he also figures such new measures as compensation for welfare recipients, who are now forced to eat their own house, and higher rent subsidies. On balance he expects that, if no additional measures are taken, this year will end with a greater financing deficit than had been expected when the budget was submitted.

[Question] Is it possible, based on the government agreement, to make interim adjustments, or can they only be made in later years?

[Answer] The government agreement is absolutely clear on the fact that if there is a danger of a greater deficit, extra savings are necessary. As a matter of fact, this is also prescribed by the budgetary discipline. This is precisely what the annual overall "cleaning" in the Spring Memorandum is for. If great disappointments occur later in the year, then you can make interim adjustments, at least in theory. In practice, however, you could not do all that much later in the year.

[Question] Doesn't the kind of disappointment -- higher unemployment expenditures, lower receipts -- prove that we are in a downward spiral?

[Answer] I associate a downward spiral with an increased reduction in total spending and a limitation of public spending. As you know, there is no question of this in 1983 and there wasn't in previous years. We are faced with rising government expenditures and an increasing financing deficit. This deficit is not caused by a large drop in the pressure of public costs; on the contrary, this pressure is increasing further this year. If expenditures were to rise even more and you were forced to compensate for those extra expenditures by cutting elsewhere in the public expenditures, then you are still at least at your starting position for 1983. A situation with high expenditures and a high financing deficit. This situation is at right angles with the story that the government is supposed to be conducting a deflationary policy.

[Question] Doesn't the situation, as it appears for example from the under-manning of production capacity, warrant stimulating measures?

[Answer] In the Netherlands, stimulation actually occurs every day through the rising financing deficit. By definition, this is stimulating -- perhaps in the wrong way and unintended, but yet it is. Everybody talks about greater stimulation. Then I say, do it right now. But to somewhat counterbalance one-sided stories, I would like to mention a few points. Last week Friday, we decided to reduce the tax pressure for businesses by raising the property deduction. A further tax reduction has been agreed upon for the following years. Next, we have set aside 750 million guilders for extra expenditures as of 1984. The budget for social affairs and employment includes 600 million guilders to fight youth unemployment. A number of projects will be implemented. Don't forget that every day, higher amounts than expected are going into the East Scheldt dam. That represents a great deal of work.

[Question] Those expenditures are already included in the current policy; they no longer have an additional positive effect, do they?

[Answer] That is true, but they are a reality and it is not possible at that moment suddenly to come up with new projects for the following years.

[Question] Now that we are talking about projects anyhow, the Wagner Committee noted in its report that in recent years a backlog has developed in the execution of large public works.

Do you think you will be able to make up this backlog within a reasonably short period of time?

[Answer] We are doing a few things already. We have decided to do more relative to raising dikes. It does not involve billions per year, but it is not a trifle either. We will do more road construction this year. The report of the Wagner Committee does say something to me. In principle, it is true that a backlog has developed, and that it has to be made up, but then I would say: "First give me the opportunity to achieve it"; and then I will be very close again. If I were to have a financing deficit of 3 to 4 percent, which is structurally normal, then I would like to go beyond that now. But if you



are faced with a deficit of nearly 11 percent, then you will have to tackle that first before being given the room to do a great deal of stimulating in the area of investments.

[Question] Some pleas for national stimulation are based on the supposed drop in private spending.

[Answer] Has total spending in the Netherlands, including exports, declined substantially in 1982? No. Look, when the freeze on wages and benefits was set, in the fall of 1982, we expected a higher level of inflation in 1983 than we do now. Lower inflation means that the setback for those people is less. That is a piece of good luck for them. And that is, in turn, nice for expenditures. Because of this expected drop in inflation, there is absolutely a smaller drop in private spending.

[Question] The government agreement does leave open the possibility of an overall reduction of costs when total spending falls too much. However, it does not indicate what conditions must be met for the administration to consider such a reduction of costs necessary. You are always saying that there is no drop in demand and that there is thus no reason to do anything. When do you have to do something?

[Answer] That cannot be answered in abstract terms, because it depends completely on the analysis of the situation. At this moment, that paragraph in the government agreement is not relevant, not at all. That is also the opinion of the cabinet. But that situation can change. That paragraph is not dead, not theory only. And if you were to get a situation of a real downward spiral (there is no downward spiral now -- let those who claim the opposite produce figures to prove it), then we would have to do something.

[Question] If a real downward spiral were to occur with falling expenditures, then, according to the government agreement, you would have to reduce taxes. But this situation has a double negative effect on the government: receipts go down, the financing deficit rises and -- once again, additional money has to be issued to raise the spending level. The latter must be weighed against the government's financial situation. Is there ever any money available then for such a spending stimulus?

[Answer] Even in many circles in the Hague, many people do not understand that cumulation is virtually certain to occur. Higher spending and fewer receipts form a stimulating factor in the economy -- the well known old Keynes story --, which results in a slowing down of the downward spiral.

As a matter of fact, the government provides a counterpressure through rising expenditures. Unemployment benefits are not killed off and taxes do indeed go down if you don't change your policy. Because of these built-in stabilizers, you reduce the chance of having to make use of that paragraph in the government agreement. And when things get too much out of hand, you can have a shot at it. Then you will have depressive developments.

Then you have to intervene. And that is a very annoying situation because, even though the financing deficit is on the rise due to fewer receipts and

higher expenditures, you will have to increase the shortfall even more in order to hold spending at a certain level. If that were ever to happen, then you would indeed be talking about developments similar to the thirties.

[Question] The interest rate is falling while the financing deficit has reached an unprecedented high. Doesn't that prove that the evolution of the interest rate is independent of the level of the financing deficit?

[Answer] It is a fact that in the Netherlands the interest rate is determined to a large extent by foreign countries, but hence also to a lesser degree by domestic developments. An example. When we decided, in November, not to submit plans for a government loan, this had an absolutely strengthening influence on the interest rate reduction already in progress.

I believe that far too little distinction is made between the nominal and the real interest rate. The drop in the real interest rate is much smaller than the decline in inflation. The real interest rate is still too high in the Netherlands, not only historically speaking, but also in comparison with many other countries. We issued a government loan at 7.5 percent interest, whereas the anticipated level of inflation is 3 to 4 percent. There should be an explanation for that, shouldn't there? For me, this is proof that the government's appeal to the capital market is much too high. There is indeed a positive relationship between rising budgetary deficits and a high level of the real interest rate.

[Question] The latest government loan produced 5 billion guilders. Doesn't that indicate that you are having an easy time of it? Couldn't you easily finance the shortfall because there is so little private demand for capital?

[Answer] That is true, but the success of that government loan also means a substantial skimming of the capital market by the government. You have to know how to rake it in. If, for whatever reason, foreign countries suddenly became less interested in guilder loans, where would you get the money from then? After all, foreign investors yield between 20 and 35 percent. If we were to lack that, then it would remain to be seen whether we could manage to finance the budgetary deficit. If you were to get a greater financing deficit, this would have a negative effect on the interest rate.

Everyone agrees that a lower interest rate would be desirable. A real interest rate which is too high is not only detrimental to businesses, but also to private individuals who would like to take out a mortgage. A declining interest rate is good for businesses and industries which want to invest and for the private home market. The latter has now once again started to be attractive because of a combination of lower interest rates and a more moderate development of construction costs, but also because of the government decision to allow the unlimited deduction of mortgage interest payments. That is also a stimulating measure.

[Question] You recognize that there is a recession in the international economy. What do you think then of the proposal made by the European Trade Union Association that all EEC countries provide a stimulus of 1 percent of their national income to the economy?



[Answer] I believe -- and this is in keeping with what the unions are saying -- that if you are going to stimulate, you have to do this at an international level. America could still do it on its own, because its economy is more closed and because it is a big country. We are small and open. It is absolute nonsense for the Netherlands to play a pioneering role. You can play a pioneering role in terms of development aid but not in this area.

[Question] Why then hasn't the OECD made a proposal for international cooperation yet?

[Answer] You have to stimulate at an international level when (a) there is a need for it and (b) when this produces a favorable effect at that time. Well, I would find it dangerous to do it now. With a line drawn under "now," because these are not statements of principle. Things could be different again next year.

But I believe that we have not achieved enough yet in the areas of interest rate reduction and inflation reduction, even though the drop in inflation in the Netherlands was substantial. But take a look at other countries, especially France and England. You should only start with a reflation policy when, specifically, the base has been laid for it on the supply side, when it can have a favorable effect.

Stimulation will not lead to higher production in the longer term if business and industry are not able to take advantage of it, because the financial situation is still so bad.

[Question] Whether business and industry will be able to stimulate policy with investments depends to a large extent on the level of employment in the businesses, doesn't it, and this has gone down in recent years!

[Answer] That last remark is true. But let us take America. Businesses there are suddenly able to invest so much more with a stimulating government policy or with better economic growth, because they are so much stronger financially and because it is easier for them to turn to the capital market. Hence, in a country like America it is also possible that, based on better market possibilities, a prompter decision is made to invest more. There is a longer time delay involved in our country. It happens nowhere that, if you notice today that your cost structure is improving because of lower interest rates and wage moderation, tomorrow an extra 1,000 people will be put to work immediately.

[Question] But you could, with existing investments, put more people to work by raising the level of employment, couldn't you?

[Answer] Yes, that remark is true. But then I would say: in the Netherlands, far too little attention is paid to the costs, that is to say to the sale price versus the total production costs -- and far too much to the question of expenditures and drop in demand.

Entrepreneurs don't pay attention to the latter alone. The combination of high interest rates, and -- if it is somewhat labor intensive -- the high

labor costs, and absenteeism, that whole litany of complaints, they have to be set off against the prices. After all, if I were an entrepreneur, I would not market another 1,000 units if I was losing 1 guilder per unit.

[Question] But there has been some improvement already, hasn't there?

[Answer] Yes, fortunately there has been some improvement relative to wage moderation. We are better at that than all other countries. All praise to the social partners. And a little to us. But it did come down from a dramatically high level. Plus the fact that we still have a labor backlog. Mobility is distressingly low, so that from time to time labor forces still have to come from abroad. That is really too absurd.

[Question] You did say once: we cannot consume ourselves out of the crisis. But listening to you now, we cannot invest ourselves out of the crisis either, can we?

[Answer] Yes, we can, but not yet today. If you were to try that now you would be rowing too much against the current. The answer is as follows. When will it be possible? When recovery becomes visible abroad. When you begin to see the effects of what we are trying to achieve in the Netherlands. Of course, that reduced nominal interest rate is indeed a stimulus toward greater investments. From 13 to 7.5 percent is an incredible difference, after all.

But you cannot simply plop money somewhere when most economies are not ripe for it yet. We will have to see during the second half of this year. I find that a reasonable period.

To want to do things too quickly works backwards. It is annoying. I am not getting any pleasure out of saying this. It is much more fun to play the game of being a minister when you are in a growth period and can run around like Santa Claus and can handle extra expenses, and still be able to stay within the norm of a 4 percent financing deficit.

Structures which have grown crooked over a period of 10 years cannot be restored in the short term.

Let me repeat, if you stimulate now, it will not succeed. It is the same as the difference between the employment plan and the jobs plan. Usually, employment plans degenerate into jobs plans. In every hospital you could add a doorman next to the one already there. Then he would have a job. But what good does that do me? It does not make a contribution to the structural improvement of the economy and of employment. I am deliberately putting it in terms of black and white. But an employment plan is designed to increase investments.

[Question] The administration wants to increase the property deduction for welfare recipients who own their own home, from 15,200 to 45,600 guilders. What is the relationship between this decision and the position of the renters?

[Answer] I think that it is right in principle to balance what you do for those renters (especially individual rent subsidies) and what you do for home

owners. You cannot spend government money solely on one or the other. I would say that you cannot solve the problem by giving both more. Then we would go wrong financially. Emotional outcries don't do much for me: all those people are so pitiful. If you were to give both groups more, then other groups would become pitiful, because then others -- such as other benefit recipients or civil servants, for example -- will have to come up with the necessary money.

[Question] Can you continue to subsidize housing construction at the rate you are now, for the next 4 years?

[Answer] No. With an unchanged policy, some expenditures will go up sharply over the next few years, unless the economy recovers very rapidly. How much total spending for public housing will rise, I don't know yet. They are still looking into this. But it is one of the major problems which we, as administration, have to face.

[Question] The VVD [People's Party for Freedom and Democracy] parliamentary party in the Second Chamber wants to broaden the deductibility of major maintenance costs for home owners to include exterior painting. VVD parliamentary party leader Nijpels has announced that otherwise the VVD would reject the government proposal.

More white exterior paint and more paint in general leads to more BTW [Value-added Tax] and wage tax income, and to more jobs, doesn't it? Doesn't the Ministry of Finance have an exaggerated fear of cold water?

[Answer] Not at all. I admit that expenditures for the state are hard to estimate. But the same applies to receipts. Therefore, you have to see the proposal concerning certain maintenance costs nevertheless -- thus, in spite of the financial risks -- as a substantial flexibility on the part of the administration to stimulate the construction industry.

The VVD parliamentary party forgets that to exercise control over the kind of painting (interior or exterior painting) would soon become very difficult. This means that interior painting -- which must be considered as payable by the renters instead of being payable by the home owners --, would soon become deductible for those who own their own home. That would represent an enormous demand on the government budget. Then you are no longer talking about a small amount. Then you are talking about hundreds of millions of guilders.

And if somebody says: "Stick your head in the sand," then I would say: "That is impossible." And if someone said: "Then we will further increase the rental value deduction," then I would say: "That is not what I was hired for."

You can certainly do something about the rental value deduction, but I really cannot very well defend raising it, for example, above 2 percent and thus adversely affecting the people who maintain their homes well. Then I would say: that is the end of the exercise. The end of this proposal. Then we will take it back ourselves. I am in favor of it, you know, but it has its limits.

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## TOP ECONOMIC FIGURES VIEW CHANCES FOR RECOVERY

Finance Minister Van Aardenne

Amsterdam ELSEVIERS MAGAZINE in Dutch 8 Jan 83 pp 8-9

[Article by G.M.V. van Aardenne, minister of economic affairs: "On the Way to Recovery"]

[Text] From the deepest part of the valley, we can only go up. Our country's economy is hard-pressed and the world economy has fallen on hard times. But we are not powerlessly doomed to decline, as long as we think about the resources and strengths of this country and apply these to work toward economic recovery ourselves. That is the unanimous conviction of the new year's messages of five leading men involved in the Dutch economy.

I would like to wish the readers of ELSEVIERS MAGAZINE a good 1983. Whether this wish will be fulfilled does not depend only on the economic developments we will have to deal with in 1983, and that is a good thing!

As a matter of fact, the economic development is alas not very rosy yet. In this area, as far as 1983 is concerned, there would seem to be more reason for a wish in the vein of: "Expect little, then things may turn out somewhat better than anticipated." I realize that this is a rather meager new year's wish, but it fits the times.

The international economic situation cannot be called rosy. Not only is world trade stagnating -- an essential element as far as the Netherlands is concerned --, but the international monetary system also appears vulnerable because of the hard-pressed position of a number of countries. On the other hand, the further risks hidden in this are balanced by an international interest rate reduction, which will benefit the tendency to invest. But at the same time, we cannot be too concerned about the dangers for the recovery of world trade of increasing protectionist tendencies. I am convinced that a breakthrough of the current international deadlock will not be possible without a once again expanding commercial traffic, wherein the new industrial countries will also have an important role to play.

In this context it is not surprising then that the Dutch economy in 1983 will yet be faced with extremely serious problems. An increase on balance of our

national income does not appear possible for 1983 yet. Given the extremely weakened state of the economy, it is to be feared that, for now, the balance between new economic activities on the one hand and the caving in of productive capacity on the other hand, will continue to tilt to the wrong side. Alas then, for 1983 we should expect a very strong further increase of unemployment, partly due to the fact that the number of people employed is continuing to grow at a high rate.

The fact that 1983 will also be a bleak year in terms of purchasing power does not need -- after all that has been said and written about the so-called "income tags" -- any further clarification. This further strengthens the need, to the extent that it is within our power -- and that is the case to a great extent --, to put our own affairs in order. A great deal definitely remains to be done in this framework.

In recent years, good progress has unquestionably been made in pushing back the relative level of our labor costs per product unit. Nevertheless, further progress in this direction is still badly needed. The negotiations concerning conditions of employment should definitely not handle this lightly.

Moreover, the cost of the public sector -- as well as the many bureaucratic interferences -- has become very heavy for the enterprises. Over a series of years, we have allowed ourselves a rather substantial expansion of the public sector, even -- and perhaps more so -- when the national income no longer increased or only barely. This development has seriously limited the scope of economic life. But meanwhile the government's room to maneuver has also decreased substantially, as witnessed by the financing deficit which has reached an extremely high level.

It is clear that the runaway public sector has seriously affected the base of our economy and of our employment. Now we should immediately fight this undermining ailment with our own remedies. The actions necessary to this end in the public sector, which has grown out of joint, have been lacking far too long. To further delay the required recovery measures would cause our economy to sink even deeper. Even a revival of world trade would not be able to turn this fatal process around.

Against this background, the government has developed a program of drastic austerity measures. A program which, in 1983 and the following years, will lead to decidedly painful operations in the area of public expenditures. But those operations are inevitable if we want to safeguard the productive capacity in our country, and thus jobs, during the coming years. Next to cuts in the public sector and a limit on taxation, extreme moderation in the area of wage and salary hikes will also remain necessary for the sake of the recovery of profits. Only then will there be prospects for the recovery of investments in business and industry and for the urgently needed renewal and adjustment of our production structure.

It will certainly require a few years before we will have brought our economy back to a satisfactory level of performance. We will definitely not be able to complete this tour de force in 1983. From an economic point of view, 1983 will undoubtedly be a lean year for our society. A year in which all kinds of

gains acquired during the sixties and seventies will have to be brought up for discussion. Furthermore, in this context we will have to realize that our prosperity, even at the level of the mid-sixties, still contrasts very favorably with the living conditions in the major part of the world.

At the same time, 1983 presents itself as a year in which international inflation could become very low, so low that we could clearly observe deflationary tendencies. To the extent that this will lead to further international efforts toward the recovery of the world economy, this would also provide our country with better opportunities to fight the recession. If a country were to get "out of step" in this framework, the result could more likely be a further weakening of that country's own economy.

The new year could provide a turning point: in addition to negative developments, there are also positive ones to point out. A great deal remains to be done at the international level, but on the other hand, from a national point of view we should not resign ourselves to a further worsening of our basic positions. Indeed, resignation means reconciliation with powerlessness. Resignation is the surest way to go further downward.

To a large extent, Dutch society has it in its power to bring the turning point toward better times closer already in 1983, however dependent we may be on what happens at the international economic level. In this regard, sacrifices in the area of income and purchasing power are inevitable for the time being. That those sacrifices must be distributed as justly as possible is also a government premise, even though one can continue arguing about what is most just.

If we continue bickering among ourselves about this and thus frustrate the necessary austerity process, we will -- with all the understanding which can be mustered for this delicate matter -- only land further in a downward spiral of reduced purchasing power for everyone. And then we would also miss the opportunity to achieve a recovery of our economy, which would make it possible to iron out the still existing imbalances in terms of income sacrifices.

Hence, my new year's wish is that, for the time being, all elements in our society give priority to the recovery of the productive capability of our country, and thus to the source of income formation in our society.

Central Planning Bureau's Weitenberg

Amsterdam ELSEVIER'S MAGAZINE in Dutch 8 Jan 83 pp 9-11

Article by Professor J. Weitenberg, deputy director of the Central Planning Bureau: "No Cure Without Pain"

1983 The Netherlands, together with other countries, is in an economic crisis. We can no longer ignore this observation. Since 1979, after the second oil price explosion, the economy has been going downhill. Since then, the volume of investments in business and industry has dropped by nearly 25 percent and that of residential construction by 15 percent. Within the residential construction program, it is primarily unsubsidized residential construction



which has shrunk dramatically. While in 1979 there were still approximately 30,000 unsubsidized housing starts, this number was down to only 5,000 for the past year.

The decline in investments in trucks was also substantial. While business and industry purchased as many as 11,500 new trucks in 1979, the number for the past year was little more than 7,000 trucks.

The stable level of government investments contrasted favorably with this strong negative investment trend. However, government investments had already been substantially reduced at an earlier date, specifically after the first oil price explosion.

Alas, the crisis did not remain limited to investments alone. Private consumption also went down, specifically by 5 percent since 1979. In terms of private consumption it was primarily the purchase of durable consumer goods which suffered. Compared to 1979, these purchases dropped more than 15 percent, and private cars suffered the greatest setback. The current level is 30 percent lower than it was in 1979. In terms of consumption, government purchases also contrasted favorably with those of the private sector.

This decline in domestic sales was accompanied by a more or less stable level of exports. This explains to a large extent why the level of industrial production did not go down substantially, as it did elsewhere. In the United States and Japan, for example, industrial production after 1979 dropped 15 percent, whereas the large West European countries meanwhile registered a decline of 10 percent.

It is true that remarkable shifts have occurred in the composition of our industrial production. Thus, over the last 3 years steel production has gone down 25 percent, while the pharmaceutical and optical industries have managed to increase their production by 15 percent, and the animal food products industry has been able to achieve a 10 percent growth in production.

However, the stable industrial production was not sufficient to maintain jobs in this sector, because labor productivity has continued to rise, albeit clearly less than in the past. The result of this was a continued reduction of industrial jobs. The reduction of jobs was particularly large in the construction industry, where the production level went down by one-eighth. The service sector was far less able to absorb this loss in jobs than it had been in the past. Consequently, since 1979 the actual number of jobs in the industrial sector has been reduced by more than 150,000 man-years.

The developments described here bring back memories of the thirties. Hence, it is tempting to examine what similarities and what differences can be noted between the eighties and the thirties.

To start with an important difference: up to now, there has been no setback in world trade. After the 1929 stock market crash, the volume of international trade went down 25 percent over a period of 3 years. The cause of this setback lay primarily with the United States where, during the same period of time, the gross national product dropped by more than 30 percent.

During those years, price reductions on the international commodity market were also substantial. Over a period of 5 years, commodity prices went down by half. This time there has not been a substantial price reduction. At most it can be argued that in recent years the international commodity prices have become settled.

As far as domestic developments are concerned, there are also notable differences between now and the thirties. At that time, the international price reductions also caused a drop in domestic consumer prices, ultimately more than 25 percent. This came to an end only in 1937. In conjunction with this price development, nominal wages were also adjusted at the time, but with some delay. The result of this was that at first, the real purchasing power of wages continued to rise. It was only in 1933, when the international commodity prices started dropping less quickly, that a slight setback occurred in purchasing power. In any case, the available figures do not support the often heard contention that at the time the crisis was made worse by a policy of nominal wage reductions. On the contrary, except for the years 1933 and 1934, the volume of private consumption continued to rise throughout the thirties.

As we said earlier, so far no overall reduction of international prices has taken place. Hence, domestic price reductions over a wide front have not occurred either. At best, one could speak of a reduction in the rate of inflation. Since 1979, nominal wage adjustments have been insufficient to compensate for price increases. Hence, real wages have gone down in recent years. Together with increased costs, due to taxes and contributions, this provides a partial explanation for the recent drop in the volume of private consumption.

While private consumption in the thirties did not contribute to the development and maintenance of the crisis, the deflationary impact of exports was substantial during those years. In conjunction with a sharp setback in world trade and the devaluations of a few important international competitors, over a period of a few years Dutch exports were reduced by one-third. As a result, the negative turn in the current account of the balance of payments was also significant.

This time, there has been no reduction of exports to speak of. However, as in the thirties, a striking turn has occurred in the current account of the balance of payments, but now in the positive direction. This reflects specifically the fall of imports, as a reaction to the reduction of domestic spending.

The conclusion to be drawn from the above seems clear. If the crisis of the thirties was caused primarily by the collapse of international demand which was initiated by the United States, it seems that the causes of the current crisis should be sought more in domestic imbalances, specifically on the supply side. As a matter of fact, no absolute significance should be attached to the distinction which has been made between supply or demand as the cause of the crisis. In the final analysis, imbalances which find their origin on the supply side, for example a profit level which is structurally too low, also manifest themselves as demand phenomena in the form of investment adjustments.



Another significant difference with the thirties should be noted. At the time of the 1929 stock market crash, the monetary authorities responded by lowering the discount rate. Thus, in the United States this discount policy was reflected in the so-called prime rate, which dropped from 6 percent in 1929 to less than 1 percent in 1934. In the Netherlands a similar development took place, as witnessed by the evolution of the interest rate on cash loans to lower authorities.

This time the opposite reaction took place. In spite of the advent of the recession in 1979, the monetary authorities in the United States pursued their policy of tight money supply, in order to curb inflation. This was reflected in the evolution of the prime rate, which rose from 8 percent in 1978 to an average of 15 percent in 1981. In the spring of 1982, this restrictive policy came to an end; since then the prime rate has gone back down to 10 percent. As in the thirties, the interest rate movement in the Netherlands followed that of the United States.

However, in addition to differences there are also similarities between now and the thirties. As is the case now, reactions in the area of investments were strong at the time. In the thirties, the volume of investments in business and industry dropped by half over a period of 5 years, while over a somewhat longer period of time investments in housing also went down by nearly half. It needs to be noted here that at that time government involvement in the financing of housing construction was less great, which made these investments at the time more sensitive to changes in market conditions.

Just like now, the consequences of the government's financing deficit were sizable then. Over a period of a few years, the government deficit rose from 1 to 2 percent of the national income to more than 6 percent in 1934, after which it immediately went into a sharp decline, to a level of 1 percent of the national income. At that time, production increased because of the impact of a certain revival in international trade, taxes went up a few percentage points and, on the expenditure side, the consequences of reductions in civil servant salaries and in unemployment benefits became visible.

Starting from a higher level, the government's financing deficit has also risen by 4 to 5 percentage points this time, up to a level of approximately 10 percent of the national income. In contrast to the thirties, the current deficit increase is partly due to the high rise in the nominal interest rate. Whether the current level of the financing deficit can be reduced equally quickly is doubtful for the present. As a matter of fact, the current level of public expenditures is at least three times that of the thirties, so that a reduction of the financing deficit via new rate increases would undoubtedly meet with greater resistance.

One last similarity with the thirties deserves attention, specifically the development of relative unemployment. Expressed in terms of the overall working population, unemployment rose from 3 percent in 1929 to a high of 15 percent in 1936. This involved the officially registered unemployed, one-tenth of whom were put to work in supplementary jobs in those years. These figures did not include hidden unemployment, which came about because part of the working population withdrew from the job supply for lack of work.

In 1979, officially registered unemployment amounted to more than 4 percent of the overall working population. Meanwhile, it has reached the level of 12 percent, because by the end of 1982 more than 600,000 people were unemployed. Unemployment hidden behind work disability and VUT [expansion unknown] regulations, is not included.

The low point of the current crisis has not yet been reached with this 12 percent. Based on the latest medium term projections, it is expected that officially registered unemployment will go up at least to 15 percent by the mid-eighties. However, these projections did not take into account the redistribution of labor, as it is now being discussed.

Following this comparison with the thirties, let us turn our attention to the present. Will 1983 finally bring the earlier expected international economic growth recovery, or should one expect continued stagnation and possibly even a setback? These questions cannot be answered with a straightforward yes or no.

A favorable circumstance is the interest rate reduction which has come about since then, at least from a nominal point of view. Compared to a year ago, the nominal interest rate has dropped by one-third. Further interest rate reductions seem possible. In real terms, the drop in the interest rate was much less spectacular, and real interest rates are the decisive ones with regard to investment decisions and decisions concerning consumer purchases on credit. Hence, a speedy international recovery of consumption and investments does not seem very probable.

It is possible that such a recovery could be initiated in the course of 1983 in the United States, because there real interest rates will really go down. Furthermore, the 1984 elections are approaching, and this could lead to a more expansive budgetary policy.

The budgetary policy in Western Europe, which has been changed mostly in a restrictive direction, does not allow one to suspect the advent of a quick international recovery of economic growth either. The large countries, such as the FRG, England, Italy and France, have already implemented or announced measures to limit the budgetary deficits and/or the balance of payments deficits respectively to curb inflation. These measures often also include restrictive guidelines for wage development, which as a matter of fact contribute to cost moderation, but which in the short term could also lead to a drop in consumer demand. It is doubtful that all these countries will stick to their intentions if economic growth does not come up to expectations. Whatever the case may be, this budgetary policy will probably not have a positive impact on private spending.

However, the most uncertain factor in the international picture is the non-ECOE countries. The import demand of those countries has already dropped over the past year, and a further decline must be seriously considered.

This non-OECD bloc includes, among others, the raw materials countries which have seen a drop in their export proceeds as a result of lower demand and lower prices. The majority of these countries do not have a large buffer in gold and foreign currency, so that reduced export proceeds force them rather quickly to adjust their own import demand. Because of its very nature, this has a negative impact on international trade.

A second group consists of the newly industrialized countries, such as Argentina, Brazil, Korea, Taiwan and the like. This group of countries has made sizable investments in the past, financed with foreign capital. It has become apparent that, as a result of the high increase of their interest costs, a few of these countries are no longer able to meet their international obligations. It is to be feared that these countries will offer very high prices for their export products, while trying to limit their import demand to the minimum necessary. Once again, this will have a negative impact on international trade.

The oil producing countries, whether they are members of OPEC or not, form a third group. These countries are also faced with a substantial decline in their export proceeds. This will not cause any problems for those oil producing countries with a relatively low capacity to absorb (Kuwait, Saudi Arabia). The situation is different for those countries which have a relatively high absorptive capacity and which, in the past, have also drawn an advance on their future export proceeds in the form of foreign loans (Nigeria, Mexico, Venezuela). These countries are also forced to adjust their import demand, with once again negative consequences for world trade. On the other hand, this will lead to even more pressure on oil prices, which as a result could drop below their balance price. The latter is also less desirable in terms of the future energy supply.

The above could be summarized as follows: that, under the prevailing circumstances, a stable volume of world trade would not be a result without merit. This could be coupled with some reduction in the prices of raw materials and energy.

More international cooperation and policy coordination are what I wish for the various countries. I would like to emphasize the pleas of this kind issued over the past year by such authoritative economists as Van den Beld, Tinbergen and Witteveen. The current crisis will not be solved without coming to grips, at an international level, with cost moderation, a reduction of benefit payments, a cut in public spending, and a further relaxation of monetary policy.

To my fellow citizens, I wish patience and a willingness to sacrifice. Short term solutions to the current problems are not available. The decade of the eighties will definitely be needed for the necessary process of adjustment. So far, solutions which do not require sacrifices have not been devised. The greater the willingness to sacrifice, the quicker solutions can be worked on.

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## LUBBERS DEFENDS CUTBACKS, ECONOMIC POLICIES

Rotterdam HET VRIJE VOLK in Dutch 12 Feb 83 pp 17, 20

[Interview with Prime Minister Lubbers by Frits van der Poel and Henk Brons]

[Text] "More worries and fewer irritations," Prime Minister Lubbers says when we ask him how a hundred days as prime minister have suited him personally.

In an interview with HET VRIJE VOLK he continues to defend the no-nonsense character of his team. "People are happy that somebody is finally governing."

The prime minister does not deny that there will be a shortfall of about 4 billion guilders, but no panic: "It seems to me you cannot keep piling cutback on cutback, time after time." Later: "No, the financing deficit must not go higher; that would be irresponsible." The prime minister does not see the CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy] parliamentary delegations falling out, at least for the time being. "I don't know whether I am reassuring you or disappointing you by that."

He gets angry over the failure of the construction CAO [collective labor agreement]. "That is really crazy." Minister De Koning, who threatened coercion by the authorities, "at least still has social feeling in him," even if he "has not yet got a proposal in his desk drawer."

[Question] Today the Lubbers cabinet has been in office for 100 days. Still solid and effective? A no-nonsense club?

[Answer] Problems enough, but internally--among the members--it functions well. And that is an advantage if you want to get anything done.

[Question] What is the most important feat of arms in the past 100 days?

[Answer] I hesitate between two. First the foundation accord, the agreement between employers and employees on trading price compensation for shorter hours. We invested a lot in that informally. Second, the debate over the government's declaration of policy, which laid a foundation for the team.

Feats of arms, yes. But in all honesty I must say that in both cases the factor of luck played a part. The climate between employers and employees was ripe for agreeing on something for once. And as far as the debate in the Second Chamber is concerned: the water had gotten so brackish in recent years, and then all of a sudden it was just right in parliament. A political discussion was possible without all sorts of implications having to do with the past and with personal sensitivities.

[Question] We have the impression that the opposition also finds the leadership effective, too. Only the effort is all put on the wrong things.

[Answer] Well, if they did not say that they would not be a good opposition. But I don't want to get off on that. I do want to defend my policy. We have divided it into three blocks, three lines, three tracks.

Now we can concern ourselves in parliament with legislation. The first track, then, is: economies and shaping those economies. We find economies necessary --if you recognize that, of course, the problem does not exist--and in deciding on economies we have given considerable thought to the social angles of incidence as we see them. We consider the real minima more important than the development of the minimum wage. We are going to tax two-income families more heavily. We have promised to do something about the decline of home ownership. Well, we are going to do that. Others may have different priorities...

The second element: promoting investments and industrial activity. That is still less visible. For my part I find not only the tax relief that the employers talk about so much important, but also and more especially deregulation.

One of the reasons for the economic crisis is that society has been brought to a standstill by bureaucracy. The public administration has also gotten caught in all sorts of rules and regulations and people that are always busy making new ones.

To this I add all the thick reports and structural dissertations that came after the democratization of the 1960's. All this puts a blanket over all sorts of activities. Entrepreneurs show an decreasing inclination to engage in enterprise.

No nonsense refers not so much to the political actions of the cabinet as to the fact that the lines have been drawn tighter and there are knots that need to be cut.

The third thing is the most important, but also the most difficult. The division of work. But not only that. Working with maintenance of benefits, too. Here it is a matter of whether society feels involved in what is going on; everybody must try in his own place to prevent the other fellow from being crowded to the edge.

The problem of the division between the active and the inactive cannot be solved by maintaining coupling [of welfare and unemployment benefits with wages]. It is much more dramatic. There must be a prospect of getting to do something again. In the short term that cannot be done with full-time, well-paid jobs.

You will have to let things go outside the traditional economic paths. That you no longer have a salary but can find a chance in other ways to do something

meaningful in society is a thing that we have forgotten. It used to be quite different. We still haven't got the right answer to that question. True, we have the right policy to find the answer. That is so. But we shall never get there unless we have the cooperation of society.

Hofplein

Practical example: It would be a good thing if young fellows hung around the workplaces for a while. When I take the Hofplein branch line to The Hague, now and then I ride in the cab with the engineer. Beside the man there is a little chair. And when I ask what that is for, he says: "It used to be that an apprentice sat on it for a year to learn the trade. Now they have learned that that can be done with a speed course at school, and the chair is vacant. But really the old system was quite good."

I am not so old yet. But it used to be much more usual for young fellows to go along. In the plant I came from, an oncoming bar-bender or welder hung around for a while before he was regarded as a full-fledged worker. But if you want that back again, I cannot picture the law that would regulate such a thing. It would have to be picked up in the plants, in society.

To sum up for the 100 days: The first track is running, although we must not exaggerate that. For one thing, there was a lag in the legislation. The second track is being worked on, but a great deal has to be done yet. And as for the third track, after 100 days we can see how hard it is, but we must not get discouraged.

[Question] So far the cabinet has been conspicuous mostly for cutbacks that cost jobs.

[Answer] You can prevent that only if you say "no cutbacks." We do not adhere to that philosophy. By postponement we are trying to distribute the pain as fairly as possible.

[Question] But isn't there a difference between not cutting a cent and trimming off 13 billion guilders, even apart from the way you do it?

Purchasing Power

[Answer] I do not have the impression that we have cut back excessively. Moreover, the cost of the recession is still very much shifted off onto the authorities. According to the latest price figures the decline in purchasing power is significantly less than we were assuming last year; relatively slight. But the public deficits threaten to turn out much higher. So when you say that the cabinet is imposing excessive cutbacks on the country, that is unrealistic. As an example, the expenditures for individual rent subsidy are still increasing, in spite of the economies that are being carried out.

[Question] Another shortfall of 4 billion guilders is coming up. Does that mean that there will be extra cutbacks in the spring budget proposal?

[Answer] The coalition agreement says plainly that excess expenditures must be compensated for. But it does not say--and this is a widespread misunderstanding--that every shortfall on the revenue side, e.g. in taxes, must automatically



be translated into a corresponding extra cutback.

No, that calls for separate consideration. There are four possibilities. In arbitrary order: 1) Cut back, 2) reduce the financing deficit more slowly, 3) raise taxes, and 4) do less about fine new plans, including tax relief. The cabinet must decide right away.

[Question] It might be not so much a matter of reducing the deficit more slowly as a matter of the extent to which it will increase this year.

[Answer] There must be no further increase in the deficit; it is not justified. We have not got the picture complete yet, but what is clear is that the biggest part of the problem is on the revenue side. In natural gas revenues and tax revenues. What can we do about that? The most important thing is that the measures we are taking will continue to have their effect in future years. The spring budget proposal seems to have to do only with the financial problems of 1983, but that is not so.

In any case, now that such big deficits are showing up, tax relief will not come soon. But when the economy is so weak you have to be careful about translating declining revenues into extra cutbacks.

My political line is this: The cabinet must take itself seriously in regard to the cutbacks agreed upon, only a very limited part of which we have gotten through the Second Chamber. By far the greater part are still to come, and I hope the government parties will work together on that. When we have gotten all that, when that has been worked out in an orderly way, there will have to be special reasons to effect new cutbacks.

It is much better for a coalition to abide by agreements on cutbacks adopted in the coalition agreement than just, more or less in a spirit of well, cutbacks are the finest thing in the world, to pile one cutback on top of another. What has happened too much in the past is new figures appearing in the paper all the time. Such and such a number of billion, such and such a deficit. That puts your control functioning out of order. And so it all remains paper economies.

[Question] Quite different, then, from the Van Agt-Van der Steep policy?

[Answer] On this point, yes. I do not like to talk about previous cabinets, but I was involved in it myself in a different job. For that reason I will say something about it. After a time something happened that began to overflow the whole thing. New figures all the time, new cutbacks. Insofar as they are hard, of course, you must not stick your neck out for them. But I have learned that putting new deficits in the paper all the time by letting news leak out does not help the necessary retrenchment process at all.

[Question] Then shortfalls in revenues will be a closed book in 1983?

[Answer] No, I certainly do not go that far. We shall have to weigh the pros and cons. I consider it quite possible that you will have to absorb part of the revenue shortfall by retrenchments, but that must not be automatic.

[Question] Then you are really in agreement with De Vries (leader of the CDA parliamentary delegation)?

[Answer] I find De Vries's statement on one point dangerous. He gives the impression that we have already dealt with the economy program in the Second Chamber. We are just at the beginning. As soon as another measure is taken, people will immediately say: What have we got now? Mr de Vries has said that it was all taken care of. See?

Dangerous

I agree with him when he says: Do not stack one cut on top of another, time after time. When all is said and done, he is right about a great deal. Politically, however, it is a dangerous utterance.

[Question] But won't you have greater possibilities with the VVD? It's more inclined toward new cutbacks, isn't it?

[Answer] Well... Something curious is going on here. After 100 days, having to pitch in as captain of the team--mind you, both legs are equally dear to me --I take the angle of incidence of the financing deficit and I see what the VVD and CDA delegations say in parliament, threatening to take a different course from what the cabinet had intended; then the VVD proposes more amendments that lead to a higher financing deficit than the CDA does.

Perhaps that has something to do with the fact that the political movement VVD considers that it will still be easy for the authorities to economize. But liberal [i.e., VVD] cabinet members, too, find time after time how hard it is really to economize.

The clash between Nijpels and De Vries will come out all right. When Nijpels re-studies his cases from the recent past, he will find that in the long run he sees the financing deficit point somewhat more in proportion.

And in the second place, I know De Vries as an extremely solid member of parliament. When it comes to the point and he is convinced that things have to be done, he will stand foursquare, too. Just look at the physiognomy of the two gentlemen...

[Question] What do you mean?

[Answer] Nijpels has quite a style about him. Everybody sings to his own tune. De Vries does have a cooler manner and style of utterance than the exuberant Nijpels. But I cannot see them falling out. I don't know whether I am reassuring you or disappointing you by that.

[Question] Well, the cabinet should not fall again so soon.

(Lubbers laughs.)

[Question] Unemployment is increasing enormously, and tax revenues are dropping all the time. The downward spiral that many have warned against is in full swing.



[Answer] That has been going on for several years. Taxes and [social security] contributions are under pressure because of the economic recession. Add to that the decline in energy prices. Good for the Dutch economy and pleasing for the consumer, but it means shortages for the public authorities because of lower proceeds from natural gas. A third element is the informal economy, the gray circuit. That is increasing.

[Question] Really you are saying that we shall get over the downward spiral.

The Bill

[Answer] It is worse for the minister of finance than for the welfare of society. After all, who pays the bill? The official circuit.

[Question] How long can you go on with this retrenchment policy?

[Answer] It is a defensive operation, of course, retrenchment. The offensive approach is getting new investments. You cannot buy them with public subsidies and tax reductions. When you have to pay a guilder for an investment of a guilder, you are behaving senselessly. You first have to find that guilder by cut-backs. No, investments will have to be promoted by scrapping rules and regulations.

Until I get the motor of economic activity running again I shall have to continue with the policy of retrenchment. I cannot let the pot boil over. When people get the feeling that the government will explode any minute because of the deficits, everything goes wrong and everything keeps on going badly; then nothing is done.

It will be important whether we can maintain the income reduction that has been attained. Incomes must and can go still lower. And, of course, we in the Netherlands cannot do it alone. There must be an international recovery. As a small country we cannot do so much.

Division of the work is no trifle. If we are judged directly by what we have done in the 1980's, it will be mostly on that.

But in times of crisis, egoism raises its head. You see that happening all around you. Then you get the "we for us." Take the construction CAO, which failed on this point. It is not a question of who is to blame, but it is crazy, really, that in a branch of industry with unemployment running in the tens of percentage points, workers and employers cannot succeed in converting price compensation into jobs, redistribution of work. If we are going to talk about feats of arms, that is about the saddest feat of arms.

[Question] Minister De Koning (Social Affairs and Employment) is now threatening to impose redistribution of work compulsorily. How would that have to be done?

[Answer] When De Koning points out that ultimately the authorities are called to account, he is right. As a cabinet we are repeatedly held responsible for the consequences. Technically it will be difficult to force redistribution of work. It will be done clumsily and infinitely worse than it would be done on a voluntary basis. Consequently, that is the very last resort.

[Question] Is the timing of De Koning's threat well chosen?

[Answer] I think there is little reason to be critical of De Koning. Let me put it this way: at least there is still somebody in this country that has enough social feeling in him that he explodes. That was the natural thing.

Maybe it will have a good effect that the signal is coming through this way for once. In December we gave the social partners [i.e., capital and labor] a free hand, and you might expect them to do something with it.

[Question] So it was more that De Koning got angry than that he had a measure in mind?

[Answer] We haven't got a bill in our desk drawer. What is much more important than all this talk about too small cutbacks by employers or too great cutbacks by employees, is for a start to be made this year with redistribution of work, with plans for young people who must do something meaningful with maintenance of benefits.

[Question] Will the VVD and CDA need more than 4 years?

[Answer] That is too far away for me. A whole term, fine, but the decisive factor must be how long you can develop some governing power. If for whatever reason the power in the cabinet or in parliament is exhausted, then there will be no sense in going on. To me that is the central point.

[Question] You accused the opposition in advance of causing unrest in society. You said: "When it is said that trouble is brewing, then it happens."

[Answer] If one of the characteristics of this opposition is that it is less concerned about being right in the Second Chamber than about hammering on the feelings of uneasiness in the country, why that is a well-known component of opposition strategy. May I then for my part just say that I point that out?

Den Uyl suggests over and over that the problems of civil disobedience are caused by the cabinet. An opposition leader has a somewhat special view of the cabinet. Everybody accepts that. But then I allow myself a special view of the opposition, too. But let's let it go; the core of the matter lies in the social problems themselves.

Discord

I challenge Den Uyl to demonstrate that the discord in the Netherlands is so great. People are just glad that somebody is finally governing. When he says: "Wonder that people get restless with such a cabinet," that is appealing to emotions... Anyway, he must know himself whether he wants to get the spirit out of the flesh. That is his affair. I have the impression that that is why he measures out carefully. But in that respect the discussion concerning civil disobedience in the PvdA [Labor Party] was a more important phenomenon than many people realize.

[Question] Is the harsh intervention in R.S.V. [Rijn-Schelde-Verolme] the new line that the cabinet has chosen on support to industry?

[Answer] No, no. At a conservative estimate, 2 billion guilders had been crammed in there earlier. Five hundred guilders per family. And you have no assurance that it will not go wrong again when you put money into it. Then you get a cut-off effect. A feeling of: That has been enough of that. That is decisive. That does not come from the philosophy of the cabinet. If so, we would probably have done nothing more at all. We no longer believe in and no longer have confidence in that completely derailed concern.

[Question] But the authorities themselves are also to blame. In the past there has never been a requirement of a good check on the billions of guilders in support.

[Answer] I do not believe that the authorities, via government observers, are in a position to prevent things from going wrong. Perhaps we could have demanded a change of management. That has been done in the case of other firms that came asking for support. Even in a public enterprise a management and a board of commissioners can be lulled to sleep. There is no guarantee of the contrary.

At R.S.V. a feeling had grown up that when it came to the point the authorities would supply more money. Then you all go to the devil together. There is no critical sense left.

[Question] Then as far as you are concerned R.S.V. is no occasion for saying that in any supporting action of any scope better guarantees must be sought?

[Answer] I do hope that R.S.V. will be a lesson, both for the public authorities and for other businesses, that more regular reports are necessary, that you have to have a better insight than at present.

I think that even the commissioners of R.S.V. did not know for a long time precisely what the situation was with that coal-mining project. That would not surprise me. That is what I meant by "dingy." Not fraudulent but hazy. You no longer see what is going on.

[Question] In connection with the negotiations in Geneva the cabinet wants to keep the possibility open of stationing cruise missiles as well as not stationing them. To make the stationing credible, certain preparations have to be made. Then why can't a study be made by the CDA parliamentary delegation directed toward non-stationing?

[Answer] In that study the reasoning is: Stationing is improbable, if not impossible. So work backwards from that to see where you come out.

Even if there is no stationing in the Netherlands if the negotiations fail. Even if there is no stationing. In that hypothetical case. Even then I say: Those negotiations are now under way; that is an important moment in history. You must not stand apart from it. Naturally you ultimately have the right to say no, a responsibility of your own. But I have also said that if the Soviet Union does not come across, it runs the risk that even such a country as the Netherlands will station the missiles.

The core of my policy is not holding two options open. No, the core of it is to do everything to provide incentives to achieve something at Geneva after all.

I admit that at the end of that road I may be faced with a very difficult decision. But the question of medium-range weapons is there now. The conclusion will come right away. For me it is going on now. For people in parliament and the general public it is not now but right away.

8815

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## MAJOR EXPANSION DESIRED IN RELATIONS WITH PORTUGAL

Madrid EL PAIS in Spanish 3 Feb 83 p 49

[Article by Pilar Bonet]

[Text] Spain wants an "ambitious expansion" of economic relations with Portugal, in order to correct the latter's unfavorable balance of trade through such countermeasures as a major Spanish investment in Portuguese industry, according to sources at the Spanish Ministry of Foreign Affairs. Portugal, on the other hand, yesterday submitted a new proposal for a fishing agreement with Spain. The new strategy for Spanish policy toward Portugal was presented last week by Spanish minister of foreign affairs Fernando Moran, at a conference held at Madrid's Chamber of Spanish-Portuguese Commerce [CCHPM].

The document prepared by the Portuguese Fisheries State Secretariat offers certain concessions which, according to an official Portuguese source, presuppose a "great opening up" and creates hope for "a receptive attitude on the part of the Spanish Government". The secretary of fisheries, Alberto Faria dos Santos, yesterday stated his desire to meet anew with his Spanish counterpart in order to unfreeze the current situation.

The Spanish minister of foreign affairs pointed out that Spanish-Portuguese relations appear to be "highly conflictive" due to "two basic problems, which are those that affect fishing and commercial exchange". He emphasized his government's willingness to correct the current imbalance of trade, and declared himself in favor of studying the problem in relation to the process of mutual entry into the EEC.

On the topic of division of labor within the EEC, Moran warned against the danger that Iberian industry would be relegated to manufacturing only goods containing little capital or technology, and pointed out the advisability of Spanish-Portuguese cooperation to jointly overcome the problems that will arise from membership in the EEC.

Spanish industry has an opportunity for immediate action in Portugal in the field of agricultural machinery, hotel equipment, textile machinery, and the production of nuclear energy and electricity, in the form of such projects as inter-business cooperation, the creation of mixed enterprises, and

coordination of the two nations' economic policies, indicated Moran, who took a stand against the fragmentary approach that has so far characterized bilateral relations.

This has been the dominant theme, according to administration sources, in negotiations to amend the Spanish-Portuguese commercial treaties written in 1982 but suspended short of agreement on the eve of Spain's October legislative elections. The Portuguese negotiating team was then insisting on obtaining tariff advantages much higher than what Spain was prepared to concede for products which, in some cases, were also manufactured domestically in sufficient or even surplus amounts.

Portugal wanted to increase its exports of textiles, wine, and automotive parts, having been alarmed by the deficit in its 1981 balance of trade.

The Spanish Government is now prepared to demonstrate a new attitude and a desire for greater cooperation with Lisbon, according to sources at the Ministry of Foreign Affairs. The occasion, nevertheless, would not seem to be the most propitious, given the power vacuum that now exists in Portugal. "Lisbon is not in a state conducive to listening," commented certain Portuguese sources.

The anticipated official Portuguese response to Spain's proposal on the topic of fishing rights may create an opportunity to bring the problem of commercial relations to the fore, according to sources close to the Foreign Affairs Ministry.

9839

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## DEPRESSED NATIONAL ECONOMIC SITUATION ASSESSED

Madrid ABC in Spanish 30 Jan 83 p 15

[Editorial: "Our 14 Percent Inflation"]

[Text] The government, through Mr Boyer, the minister in charge of economic affairs, has come to recognize something which we all knew in one way or another: that the state of the nation is bad to the point of being critical. Our 14 percent inflation rate has just been publicly announced. In order to be optimistic these days one must be completely immune to reality. The only hope that remains as an optimistic alternative is to have faith, as Miguel Boyer has said, that things will get better abroad, and thus by reflecting favorably upon the Spanish economy improve the latter. The prognosis for Spain's economy is gloomy, and the only sure bet is that things cannot get worse. The prognosis for the United States economy, with an inflation rate of less than 4 percent and renewed activity already underway in the automotive and construction industries, indicates nothing so much as that the bottom of the crisis has been plumbed, and by the end of this year or the beginning of the next there will be indications of recovery.

The American automotive and construction industries, which act as the economy's locomotives because of their pulling power and their multiplier effect on other branches of the economy, will undoubtedly, due in turn to the U.S. economy's pulling power and multiplier effect on the rest of the world economy, turn around and "pull" the latter out of its current stagnation.

The United States is already bordering on the entirely positive results, in spite of the sacrifice with which they have been achieved (especially an unemployment rate which is approaching 30 percent of the economically active population), of an economic policy that might be termed orthodox, by which inflation has been reduced to the level indicated above. This picture of monetary stability encourages the view that the renewal of the automotive and construction industries will not lead to inflationary tensions being unleashed again, thus renewing the crisis and its feverish tendency to devour the welfare of those who depend on fixed incomes--such as retirement pensions--that cannot be adjusted as wages can.

On the other hand, the economic policy being followed in Spain by the current government, which differs from that of the UCD [Democratic Center Union] only



by degrees, cannot be reconciled with the demands of the Reagan administration's formulas. While the necessary military policy of rearmament followed by the United States has blocked the possibility of reducing the public debt to proposed levels, the economic policy announced by our own socialist government assumes the necessity, as a medium-term goal, of maintaining Spain's public debt. The Americans opted for facing up to inflation, while those responsible for economic policy in Spain have decided to ride inflation in the manner of those who would ride the tiger.

When Ronald Reagan complained of the inheritance left him by his predecessors, it was not in order to continue the conditions that had created it, nor was it in order to intensify the conditions which had created its liabilities. In our case, the timid and final repudiation of the legacy forged in consensus under the UCD has not given rise to a correction of our course, but rather to an internal pact between those who are capable of ferreting out the true causes of our current crisis and those who, being also in power, insist on taking the origins and circumstances of that crisis and making them even worse. The problem, nonetheless, is not exhausted by a lineal comparison between the results of our two courses of action: in other words that we should continue at more than 14 percent inflation while the Americans have brought theirs down to 4 percent.

The problem, and the real question at the bottom of all this, is none other than to determine whether, with more than 10 points between Spain's and the United States' inflation rates, we can benefit solidly and adequately from the achievements, successes, and recoveries of the latter country's economy.

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CSO: 3548/143

## LABOR MINISTER ALMUNIA ON UNEMPLOYMENT, LABOR RELATIONS

Madrid CAMBIO 16 in Spanish 31 Jan 83 pp 44-47

[Article by Javier Gilsanz: "Almunia: The Hidden Unemployed Are Now Coming Out"]

[Text] The labor minister fears that the figure for the unemployed is going up. He admits that unemployment increases recorded over the past 3 months have been "abrupt." He is afraid that the number of unemployed will continue to rise in the near term since many of the discouraged--young people and women above all--have begun to become tired of unemployment and have given themselves a push so as to go out and find a job now. With complete frankness, he points out that 200,000 jobs cannot be created in Spain during this year of 1983.

He is the youngest minister in the cabinet but he controls and manages half the budget of all of the government agencies: More than 3 billion pesetas between the Superministry of Labor and that impenetrable monster, Social Security. He was supposed to be one of the "plumbers" of Moncloa, along with Felipe Gonzalez, but the refusal of the UGT [General Union of Workers] to accept any ministerial position finally brought him to the ministry of men such as Giron, Solis, Sancho Rof, and company. This was not by chance since he was one of the UGT's mainstays until, in September 1979, he switched to the executive board of the PSOE [Spanish Socialist Workers Party] as secretary for labor union policy. "When you sit down at this table, you have to consider yourself the representative of all citizens although ideologically I continue to be close to the UGT," he said right away.

He is a rather sober, simple, amiable but distant man, a little bit timid, who does not say a single word more than necessary. He is known as being tough, a hard worker, and efficient operator. He is a born organizer: In just a few months, he managed to get more than 500 professional specialists from the PSOE to get down to work and to submit an economic and election program which became the base of the socialist administration's program. Now his job is to create order in a ministry which employs something like 300,000 persons. "This is a big chaos; we still do not know how many people we have here exactly," he admits.

He had never been in the government before and he says that everything surprises him, from "all of those rare words coming from all those specialists, from the government-appointed manager, the senior officials, etc.," to the --"so pretty"--folders containing the bills that are supposed to be turned into legislation. But above all he is struck by the low productivity level. "There are departments with 120 or 130 persons and in many things that you have to analyze and study to make decisions, you can only count on five or six, at best," he comments.

On the very first day he arrived at his office, Joaquin Almunia began to run into some odd things. First of all, he found that the computer terminal next to his desk did not work. "There was a time," they told me, "when it was able to come up with unemployment figures and other data from the INEM (National Employment Institute) that were practically up to date but now it does not work. And the rental fee costs us 50 million." Day after day, with working days of 13 hours and more, the new team in the Ministry of Labor and Social Security encountered more things: Concentration of public aid in small towns and provinces with connection to high officials in the ministry--"I found out that sections of that ministry were traditionally used more as an electoral instrument than to improve the living standard of the citizens"--a situation of deficient coverage in Social Security--"in excess of 100 billion pesetas in 1982"--and in the Wage Guarantee Fund (showing a deficit of 15 billion cash balance in 1982), underutilization of human and material resources--"this ministry's information support facilities have been under-used even though they would supply us with numerous data on retirement pay, retirements, unemployment, contribution bases, etc.,"--and some fraud, such as the fraud discovered in Social Security in Barcelona--"We have already discovered 1.6 billion in fraud documented with files on violations but in the end we might easily wind up with 10 times that amount"--as well as the information that seems to be emerging from the start of various audit operations in different organizations connected with the ministry (Welfare Insurance, OTP, FNPT [National Fund for the Protection of Labor]).

After 2 months of going through papers, studying files, and reviewing the situation, the new minister is quite cutting: "To tell you the truth, I think that nothing basic has been done here since the passage of the Worker Charter in 1980." And he complained about the centralist heritage he received. "I have encountered a predisposition not to grant a single transfer to the autonomous levels of government, an intention to hold on to the maximum degree of authority. I have just signed an aid request for a lady in Andalucia in the amount of 20,000 pesetas and hundreds of similar cases are piling up and we hardly know anything about them. You have to move the decision-making levels closer to where the specific problems are and you have to transfer everything except those things that are constitutionally within the exclusive competence of the state: The economic-financial system under Social Security, basic labor legislation and employment policy, basically speaking," Almunia pointed out.

During his weeks in the cabinet, Joaquin Almunia has been the minister who has brought the largest number of topics to the cabinet at least on questions of importance: A bill for the reduction of the work week to 40 hours and annual

30-day vacations, a decree on temporary hiring, an increase in pensions and minimum wages, as well as a change in social security contributions--"the real influence on the enterprises will be neutral because some things will go up and others will go down," Almunia said in response to the tough complaints from the employers.

During the new year, Almunia already has wound up with a broad range of bills and measures. "In the employment section," the minister points out initially, "we basically have two topics. First of all, the revision and improvement of all job development programs, including community employment. The other one involves the revision of the Basic Employment Law: the entire problem of the drop in coverage and at the same time the abrupt increase in unemployment expenditures. This is a kind of dead-end street to which we must devote much time and much imagination."

Another subject involves labor relations. "Together with labor unions and the employers, we must clear the way to the regulation of strikes (I believe that the bill requires a broad prior debate and that in any case it could be ready by the end of the year), the law on labor union freedom and the Economic and Social Council which I believe could be set up this year since the Ministry of Economy and Finance--with which I am studying the topic--thinks that the first debate on the medium-range economic plan should already take place in 1983," he added.

Another couple of important topics in the labor area, which the minister is thinking of introducing as bills throughout 1983, are the law on cooperatives--"which must seriously take into account the autonomous aspect as a basic approach"--and the emigration law. In both cases, the new ministerial team is studying the bills left by its predecessors to compare them to its own proposals and those from the sectors involved.

The second important activity area includes the entire complex of social security which spends more than 6.3 billion pesetas per day. "We have already proposed a whole series of measures designed to improve the management aspect or to make the system more efficient throughout 1983, ranging from the simplification of case load processing all the way to an improvement of collection procedures through executive channels so as to reduce the percentage of those who are in default. And, as a bill for 1983, we are working on a pension law," Almunia explained.

And is there not going to be a law reforming the social security system? "No, not this year. In some way, elements of the reform are already contained in some of the measures which we are taking to make the entire management process more efficient and to regulate a service as important as the pension service. But, before it can emerge as a bill, the SS [Social Security] reform must be the subject of an in-depth analysis by all concerned, that is, fundamentally, those who finance the system, for the most part, that is, employers and workers," the minister replied. And he added: "This is a topic whose debate will begin in 1983 but I do not believe that we can come up with a final social security reform model before a year and a half or 2 years. I believe that this is a sufficiently important topic so that we must not think that we can reform Social Security merely by coming up with a bill."

Perhaps Almunia will not manage to reform Social Security before 1986, the year the legislative term is to run out. But he has already done something which undoubtedly will become a part of the history of this century: Fixing the maximum legal work week at 40 hours by the summer although parliament will have the final say. "This is a historical demand of the workers and it has been almost since the beginning of the century. This is a demand which--through various procedures (laws or collective bargaining agreements)--has already been achieved in all of the European countries, except those which are behind us in industrial terms, such as Greece, Ireland, and Portugal," Almunia explains.

But, can you really create jobs with this reduction of the work week or, more specifically, will the enterprises avail themselves of this opportunity to adjust their payroll? "That reduction in the work week," Almunia replied, "is supposed to create conditions so that, the moment there is an economic recovery, which we expect in 1984, that increase in activity will be expressed in the creation of jobs."

The two sectors most affected by the reduction in the work week are commerce and the hotel industry, while in agriculture and transportation, a specific regulation has been issued. "According to an estimate based on the collective bargaining agreements signed in 1982, the workers who put in more than 40 hours per week or their equivalent in the annual computation (1,834 hours) account for approximately 70 percent of the wageearners. Some are quite close and others are not so close; on the average, the statistics on the 1982 agreements show a figure 1,877 working hours per year," Almunia pointed out, adding that the lack of statistics on this topics--something inherited from the preceding administration--did confuse the issue. "If that information had been available before us, on the table, the issue of the 40-hour work week would have been less conflictive. On the other hand, this is a psychological topic; since 1979, over the past 3 years, the social parties have freely agreed on reductions in the work week with an annual average of 2.5 percent. Now, the reduction to 40 hours per week implies a figure of 2.3 percent."

With all of this in mind, the employers continue to complain about this measure and point out that this considerably increases the labor cost from 2.5 to 4.9 percent. "We believe that the reduction in the work week by just 1 hour per week--which is what gives us the 40-hour figure--is perfectly acceptable in general terms by the production system," replied Almunia. But, does this imply higher costs for the enterprises? "Well, in immediate terms, yes, so long as they do not recover this through productivity, yes. But you have to keep in mind that this increase in the cost per hour is a minimum percentage at a moment when the competitive capability of the Spanish economy has gained eight points as a result of devaluation (more than 20 points due to depreciation throughout 1982) and at a moment when the unit labor costs keep going up at a much lower rate in Spain than in the other countries that compete with us. In other words, the moment, as far as competitive capability is concerned, is ideal to permit that certain rise in the cost of the enterprises which will be absorbed very easily if we keep in mind the high productivity increases which the Spanish economy is showing," Almunia concluded.

The 40-hour issue has been hanging over collective bargaining negotiations for 1983 like an albatross and this has made agreement even more difficult. At least, it has served as an excuse for the employers to reduce their wage hike offers. But Almunia believes that the problems have come on the other side. "The difference in collective bargaining negotiations this year is that the unions have an administration that is much closer than it was before and therefore they are not so much interested in introducing elements into the negotiating situation which the administration already has on its program. In the meantime, the employers are holding an opposing posture: They want to exploit these negotiations to renegotiate or to negotiate aspects which the administration is going to take care of. So, the sides have been changed when compared to earlier years."

With all of this, the minister still is confident that agreement will be reached. "In the prior situation, the labor unions demonstrated their responsibility on various occasions. I believe that this year, in addition to labor union responsibility, we are also going to have entrepreneurial responsibility and we will arrive at an agreement."

Almunia expects that, if there is no agreement, the consequences will be easy to figure out: "More conflict, a hardening of relations between the employers and the workers due to the effect of many other topics which we think must be resolved through a dialogue with the social partners." But there is more. The minister thinks that, without a wage agreement, the wage hikes achieved from one enterprise to the next will be less: "I believe that, in open, face-to-face negotiations, there will be some workers who will gain but there will be many more who will lose...quite apart from what the country as a whole would lose due to this failure to work out an agreement."

Almunia once again emphasized that the administration has not intervened and is not thinking of intervening to achieve an agreement between labor unions and employers. "The administration does not want to, it does not desire to intervene, and it seems to me that it would be very bad if, in a rather tight situation--in which not only overall negotiations but collective bargaining negotiations in enterprises or sectors would be impossible--it should have to intervene to fix wages."

Where we will have to intervene is when it comes to fixing the wage hikes for 1.5 million civil servants. "The idea is to look at the 1983 budgets and to figure out what kind of increase we can have in the total wage volume for civil servants and then we can see how this could be distributed. We must figure out what portion will in a homogeneous fashion go to each of the civil servants and we must see what part can be negotiated for distribution as a function of administrative reform criteria, job level classification or reclassification, and the various job categories, as well as such aspects as job creation, longer work weeks, in other words, all of the working conditions which we want to normalize," Joaquin Almunia explained.

One thing that did go up was the pensions (12 percent) with a higher percentage (16 percent) for minimum pensions which are around 20,000 pesetas. "If this



year we were to say that we are going to equate pensions to the minimum wage--32,160 pesetas--that would cost the country 800 billion pesetas in the budget," Almunia pointed out. And he added that a new regulation of the pension system is urgent because the current system--where there are less and less people who pay in and where there are more and more retirees (we already have 4.3 million)--cannot possibly be sustained.

Almunia expects that the new pension law will call for better financing (more contributions from the government--above all via the VAT--and less financing--in relative terms--through contributions) and, above all, a change in philosophy which will be less contributive and more assistance-oriented: "The service to be rendered will depend less on the time the person has worked and more on the situation in which the person is," he noted. In other words, we will move toward a system in which all of the senior citizens will have an assured pension.

During the first month Almunia was at the head of the ministry, the number of registered unemployed went up 86,000. "This is a highly preoccupying topic. During the last 3 months of 1982, unemployment increases were quite abrupt: 96,000 in October, 101,000 in November, and 86,000 in December. This is crazy," Almunia reflected with concern. In addition to purely seasonal causes (end of the tourist season, decline in construction work, agricultural harvests) and industrial unemployment--"The rate of employment decline in industry continues at an abrupt figure of 6 percent per year"--the minister thinks that hidden unemployment is now coming to the surface. "This is true for two reasons. First of all, a minor reason has to do with the 11 billion in the special fund for unemployment assistance which has begun to work. The other reason has to do with the expectations created in conjunction with the elections and the new administration. All of this means that people are now getting tired of being unemployed and that the so-called discouraged individuals are taking heart."

Almunia impatiently looks forward to the data from the survey on the gainfully employed population during the fourth quarter which are to come out in the middle of February. "We may have quite a few more unemployed," he thinks, although he adds that the socialists have already become aware of this paradox: as you begin to see a way out of the crisis and that things are getting somewhat better, there will be an increase in the number of official unemployed for a certain time as a result of the fact that persons (women and young people above all) who in the past were not looking for jobs are now looking for jobs.

In spite of all this, the ministry will continue to work toward the target of 200,000 new jobs. "This is an overall figure for these 4 years. As for 1983, we are not going to be able to create 200,000 jobs," Almunia warned. And he adds that the creation of jobs involves not so much his own ministry--where there is a Directorate-General of Employment--but rather an economic recovery, the anticipated international recovery in 1984, plus the administration's economic policy. "There are two things we can do from this ministry. First of all, we go into an in-depth review of all of the job development programs, making them better known and more effective. And then we can solve the problem that springs from the low unemployment coverage which is quite abrupt."



As a matter of fact, approximately only one out of every three unemployed registered with the government collects some type of unemployment compensation. Does this not give you a headache? "Of course it does, man! Even if we only cover one-third of the unemployed, the real cost of unemployment in 1983 will come to half a billion pesetas and that hurts me even more," replied Almunia. But he knows that it is impossible today to get 100 percent coverage. "In realistic terms, I would like to increase coverage 10 percent this year."

As part of the reform of the Basic Employment Law, the ministry is working on an internal reorganization of unemployment compensation. "In view of the impossibility of getting another 300 billion this year, the only remedy is to rearrange the benefits internally, that is to say, to distribute what we have in a better fashion. There is an excessive spread in benefits given out for unemployment and the average benefit has gone up much (it should be around 38,000 pesetas) although it may sound very harsh to talk like that. Another thing that has to be done is to lower the maximum ceiling of 220 percent with respect to the minimum wage," he explained laconically.

What does Joaquin Almunia want to do during those 4 years? "Well, I want to finish juridically building a framework of labor relations--by developing the Constitution--which would permit the Ministry of Labor to disappear. Social Security calls for public action but on the topic of labor I believe that, if we are capable of completing that juridical construction of the framework for labor relations--which will give much more autonomy to the parties involved and which will create less of a need for a labor authority as such, as we inherited it from earlier times--well, then, what we will have in the future will be a Ministry of Employment," he explained.

To become less and less a minister of labor, Almunia thinks that the employer and labor union organizations have to be given more power. "In reality, their power will come through their own increased responsibility in some autonomous relations involving the state," Almunia pointed out; he thinks that this would give the employers and the labor unions greater control and greater affiliation.

The labor minister asks only one thing of employers and workers: "That they try to maintain a dynamic dialogue which is the only way to come up with a positive dialectic in the confrontation of interests on either side." Concerning unemployment, he would remind them that one cannot solve the problem without knowing all of the real data of the economic situation. "To think that labor policy is a social policy and has nothing to do with economic policy is a mistake that one has to pay for dearly," he added.

For Almunia, this is a fundamental difference with respect to the policy pursued by his predecessors, "a policy of paternalism on the part of the administration, a policy of believing that the administration is the highest instance which one can always go to, so that there is no reason to seek the mechanisms of conflict solution among social organizations, thinking more in terms that the administration has an inexhaustible budget."

When the time came to leave, Joaquin Almunia confessed his two main concerns to this magazine. "Right now, we just might not have a wage agreement for 1983. I believe that the most probable thing is that there will be an agreement but there is a risk that there will be no agreement. Looking further down the road, I am worried that we might wind up with a figure of 3 million jobless if we do not solve our economic problems, if we do not manage to overcome the crisis situation."

5058

CSO: 3548/150

## BURGEONING FOREIGN DEBT SEEN FOR 1983

Barcelona LA VANGUARDIA in Spanish 17 Feb 83 p 28

[Article by Juan Tapia]

[Text] Spain will have a debt of approximately \$5 billion this year, reliable sources have told LA VANGUARDIA. This indebtedness is necessary to make up for the deficit in our current balance without suffering a severe loss of foreign currency reserves, and would bring our foreign debt close to \$30 billion by the end of the year.

In fact, according to reliable government sources, the current account deficit (the sum of the goods, services and transferences balances) for 1983 is estimated at some \$3.4 billion, as opposed to \$5 billion in 1981 and \$4.1 billion in 1982. This decline in the current deficit will be made possible by the Socialist government's planned adjustment policy, and by the relief the fall in oil prices may provide for the balance of trade. Nonetheless, a current deficit of \$3.4 billion must be offset through the balance of capital or a drain on reserves. Given that the reserves declined considerably in 1982 (\$11.5 billion, counting gold, at the end of the year, compared with \$15.3 billion in December 1981), economic authorities would like to lose as little as possible from the reserves. For this purpose, assuming a stabilization of the positive balance of foreign investments, a considerable increase in the foreign debt is considered necessary. In 1982 that debt grew at a very moderate rate because Spanish firms feared the devaluation of the peseta, which raises their costs for foreign credit substantially.

### \$3 Billion in Amortizations

Based on this hypothesis, the Interministerial Commission on Foreign Financing (CIFEX) believes it is necessary to obtain some \$5 billion on the international capital market. This would bring the foreign debt (\$27.8 billion at the end of 1982) up to some \$30 billion by the end of this year, with an increase of \$2 billion. The reason for this increase is that our country must pay some \$3 billion in amortizations already this year, so the foreign debt would rise by \$2 billion.

Contracting debts for \$5 billion will not be easy, however. For one thing, the international capital market is skittish because of the problems Eastern bloc nations (Poland, Romania and Yugoslavia, principally) are having in paying back their debts. This problem has affected German banks, while similar difficulties in the Latin American countries (Mexico, Brazil and Argentina) are pressuring American banks. Although Spain's indebtedness and, above all, the terms of its loans are at very satisfactory levels, it will also suffer from the international banks' cautious attitude, which will translate into higher interest rates.

In addition, Spanish businesses themselves do not have a great deal of potential or even willingness to contract foreign debts as they did before 1982. The depreciation of the peseta has meant that debts contracted years ago become very burdensome, and everyone is taking precautions to avoid repeating that experience.

#### Kingdom of Spain to Obtain \$1.3 Billion

This is why economic authorities are determined to incur major foreign debts on the part of the public sector this year. Of the \$5 billion to be borrowed, it appears that \$3 billion will be on the account of the public sector. The Kingdom of Spain will commit itself to some \$1.3 billion, while the Spanish National Railroads (RENFE), the National Institute of Industry (INI) and its various enterprises, and the Institute of Official Credit will borrow the remaining \$1.7 billion, in proportions yet to be determined. Here the most important change will be in the INI and its enterprises, which in 1982 avoided foreign indebtedness. Now, however, they will be forced to obtain credit on the international market. In fact, the indebtedness of the public sector has already begun with a rather minor operation--the \$200 million in "floating rate notes" at 10 years with an option at par the fifth and the seventh, and an interest rate 0.25 points above the London Interbank Offered Rate (LIBOR)--and it may be followed up after the submission of the budget with a syndicated credit of some \$500 million which the director general of the Treasury (who will sign the floating bonds operation in London on Friday) is beginning to study.

The "floating bonds" operation arranged by Lehman Brothers has shown that Spain's credit is good, but that despite that, the Euromarket will become notably rarefied. The INI, for its part, with Banesto as an agent, has already taken out a loan for \$160 million over a 7-year term at an interest rate  $5/8$  above the LIBOR. The latter transaction reveals a slight increase in the cost of credit, but it resembles that which many similar borrowers are obtaining, and in any case it proves that the Aluminio Espanol incident has not had major repercussions.

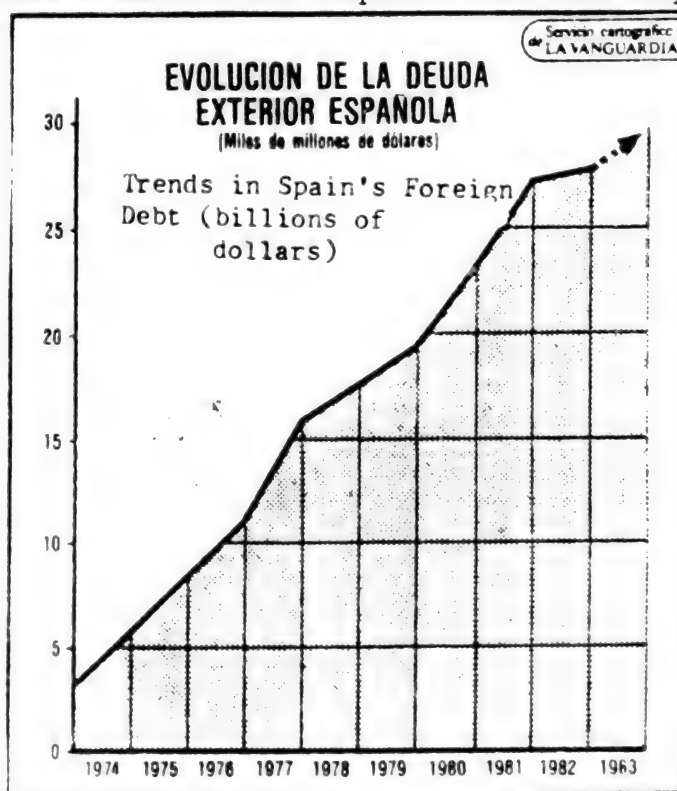
#### Electrical Firms

The remaining \$2 billion is to be borrowed by private Spanish firms. It is believed that electrical companies will be able to obtain some \$900 million. Indeed, Union Electrica Fenosa, Sevillana de Electricidad and Electric Power of Catalonia, Inc. (FECSA) have already gone out to the

international capital markets with a much higher "spread" or differential over the LIBOR. Sevillana and Union Electrica got 7/8 over the LIBOR, while in certain financial circles there is open concern about the fact that FECSA accepted a differential of one point in its recent transaction. Nonetheless, it is clear that the electrical sector has neither the capacity nor the willingness to contract debts that it had in previous years.

The remaining \$1 billion will have to be obtained by the rest of the private sector that has the capacity to resort to the international capital market: highways, with or without government backing; the telephone system, the Leasing Company of the Petroleum Monopoly, Inc. (CAMPSA), and some oil companies.

Financial sources of the utmost reliability have told LA VANGUARDIA that the indebtedness program for 1983 is realistic and justified if we are to avoid an extreme austerity program to cut the trade deficit drastically. It is noted, however, that the indebtedness figure is quite high already, and that it is a question of using that indebtedness in favor of investment and the adaptation of the economy, rather than allowing it to serve as a tranquilizer that disguises situations and companies that need help.



8926

CSO: 3548/204

## AP'S FRAGA BLASTS SOCIALIST ECONOMIC PROGRAM

Madrid EL ALCAZAR in Spanish 8 Feb 83 p 11

/Text/ In a statement to EFE, Manuel Fraga Iribarne, president of AP /Popular Alliance/ and head of the major opposition party, has said that, "The worst thing is to be governed by a government that never knows what it is doing and that does not fulfill its promises." Fraga called the economic situation catastrophic and stressed that the economy cannot be revived by aggravating the very situations that brought the economy to its present state of stagnation and prostration.

The national AP president also said that, "While the public debt, treasury deficits and fiscal pressures continue to rise, all measures taken to reduce inflation and unemployment will be ineffective."

He added, "The public debt and financial pressures will continue to increase with the growing interference of the government, the disorder of the social security system and the existence of programs which are not in tune with reality in terms of public administration."

The AP leader gave assurances that, "The only way to reverse the dramatic spiral of the management crisis, the loss of buying power of families and unemployment is to restore the value of the currency and the confidence of investors and sources of credit for businesses."

In the opinion of Fraga, the Socialist Party has a strange way of doing things, "because apparently they did not understand the situation, since they had no plan prepared, nor did they effectively utilize the assistance of the opposition in obtaining information which we all have at our disposal."

"If it did have that information which it now says has been found under the rug," he continued, "it offered the Spanish people solutions that it knew were not feasible. Only the government can say which was the case."

Regarding socialist management in the government, the AP president stated that it seemed evident to him that the electorate had been deceived, and he added, "The deception will become worse because what is happening in this case is that the electorate voted for change in general, not a specific one, but it is now discovering that the change has been for the worse."

In this sense, he expressed his confidence that within 4 years, at most, he will be the next chief of state because, "I believe that the way in which the Socialist government is operating will make it much easier." He added, "The Spanish people have now had an opportunity to see what weak governments are like, such as Mr Suarez's; what inexperienced ones are like, such as the one we have now; and what governments are like who are uncertain as to the direction in which they are taking us, and perhaps next time, the people will want to try a new experiment. We will be ready for it."

9787

CSO: 3548/173



## CCOO-UGT CLEAVAGE CONTINUES TO WIDEN

Madrid EL PAIS in Spanish 16 Feb 83 p 41

[Article by Rodolfo Serrano]

[Text] Madrid--The 1983 interconfederal agreement, officially signed yesterday by the top leaders of the four organizations, the CEOE [Spanish Confederation of Business Organizations] and CEPYME [Spanish Confederation of Small and Medium Businesses] for employers, and the unions CCOO [Workers Committees] and UGT [General Union of Workers], arises undermined by the profound and ever clearer differences that separate these last two organizations. Not even the formal act of signing served to set aside, even for a moment, the different positions of the two groups.

The differences already seen between the two unions, CCOO and UGT, during the negotiations for the interconfederal agreement, which at times caused one to fear a break in those negotiations, have been exacerbated in recent days. As acknowledged yesterday by Jose Luis Corcuera of the UGT, "there have been reasons enough for there not to have been an agreement between the two organizations in questions in which up to now we have marched together." Corcuera cited the two most significant: the integral iron and steel industry and last Monday's demonstration in Madrid.

For Jose Luis Corcuera, "the differences arise in the excessive polarization and partisanship of the CCOO and the mobilizations respond more to political than to union reasons." Nicolas Redondo, UGT secretary general, also elaborated on these characterizations, indicating that although "we will maintain unity of action with the CCOO, we will not let ourselves be dragged along for political reasons," adding that "there is an attitude for the PCE that is influencing CCOO strategy."

No one mentioned the IMAC decision that recognizing the UGT view on computing the results of the union elections involved the first element separating the two organizations. In any case, and in spite of the hypothetical unity of action that the CCOO and the UGT may achieve through the interconfederal agreement, there are serious doubts in union circles as to whether that unity can be maintained in the future.

According to these sources, the constant deterioration in their relations may worsen in the coming days if the CC00 persists in its hard-line policy and the UGT seeks to give the new government some room for confidence before undertaking pressure measures.

The top union leaders denied yesterday that there are any serious discrepancies between the two organizations. Nevertheless, Marcelino Camacho, CC00 secretary general, again repeated that the Socialist office is following the government line. Aside from the official statements, each side maintains other postures, in some cases indicated in gestures such as those registered yesterday, when it was impossible to get the four signatory organizations to hold a press conference together after the official signing of the interconfederal agreement, as well as when the handshake between the two secretaries general was more in response to the need to leave a graphic confirmation of the moment than to any hypothetically good relations.

Neither the CEOE nor the UGT wanted to sit down at the same table with the CC00 in a ceremony in which very little information was expected and whose basic content was already known. Marcelino Camacho began his comments by lamenting the fact that it had not been possible to come together to evaluate the agreement as incomplete and to insist on the need to undertake a specific plan against unemployment and the crisis.

Nicolas Redondo, who characterized the agreement as positive, emphasized the fact that management had given up more and he agreed with Camacho in saying that it had to be completed by seeing to it that the PSOE fulfill its electoral program. At the same time, he justified the fact that they did not appear together, saying that this had been the usual practice up to now.

9746

CSO: 3548/182

## GIJON INDUSTRIAL CRISIS PERPETUATING SOCIAL MALAISE

Madrid ABC in Spanish 6 Feb 83 p 24

/Text/ After the government's delegate in Asturias warned that no more labor-related street disturbances would be tolerated, a unit of the National Police began guarding the property of Talleres Moreda, one of the firms most affected by the Gijon industrial crisis.

This measure was taken after the most recent incidents staged by Moreda workers, who on two occasions blocked access to Gijon with barricades and burning tires, cutting for several hours the road to the port district and the highway to the three principal cities of Asturias. On both occasions, beams weighing up to 4 tons were placed on the road and traffic was detained for several hours.

After a peaceful demonstration in support of the general strike was held in the Asturian city on 25 January, tension has been building again, and these first incidents are an indication of the stress which Gijon has begun to undergo. The announcement of the prohibition against street demonstrations was made by the government's delegate, Obdulio Fernandez, to representatives of the firm's board. As a preventive measure, the police are guarding the firm's property. Moreda, which produces surgical equipment, is now requesting that its employees be affiliated with Ensidesa.

However, the police action, which in a way was expected, will perhaps result in other actions; this has added to the tension evident among the workers in firms affected by the crisis. Now this group of firms includes another; Industria y Laviada has announced a suspension of activity to begin on 28 February 1983.

Already before the general strike, workers in firms affected by the crisis had occupied bank offices and conducted demonstrations and other forms of activity in the streets. With the latest incidents, which have caused traffic disruptions for several hours and in some cases have required the intervention of the fire brigades, it seems that the initial approach has changed. At first, orders were given to the National Police not to intervene, in order to avoid confrontations, but now the drastic decision has been made to prevent all kinds of action against law and order.

The situation continues unchanged, but in the next few days if the present circumstances persist, with the majority of workers not knowing what will happen to them, events could take a more serious turn. If the workers accept a negotiation period in order to search for solutions, perhaps it will be possible to return to peace. If not, if they opt for action in the streets, the warning of the government's delegate has been clear. Also in the next few days more firms could begin imposing changes on their workforce or announcing layoffs, which doubtless would have negative results for the maintenance of social order.

#### Waiting for a Response

Meanwhile, with the general strike over, no one plans to make any changes and everything remains the same. In spite of the massive protest of 25 January 1983, there have still been no announcements of action or of solutions to the serious problems afflicting Gijon's industry. Until now neither the regional government nor the central administration has responded to the petitions from the people of Gijon, who, participating in multitudes and in a peaceful manner, carried out on 25 January the largest demonstration in the history of the Asturias region. It is hoped that in the next few days there will be an official response adopting some type of measure to remedy this excruciating situation.

11,989

CSO: 3548/170

## LABOR MINISTER SCORES BUSINESS, DEBTS TO SOCIAL SECURITY

Madrid EL ALCAZAR in Spanish 6 Feb 83 p 19

/Text/ EFE reports that Joaquin Almunia, the labor and social security minister, remarked in Milan that Spanish employers are "more politicized than professional," and said also that in this regard the Spanish employer is "still behind his European colleagues."

Speaking at a press conference, Joaquin Almunia also discussed various aspects of the Spanish labor situation.

Almunia stated that he is a firm supporter of state intervention in the economy, adding, "The voices arguing for nonintervention should be ignored."

The minister commented also that the "space" available to private enterprise should be defined and that state intervention should be improved. He emphasized that this does not mean that the government is planning future nationalization activity.

However, the labor and social security minister noted that "the state will not withdraw," and emphasized that the shortening of the working day is "an effective measure in the struggle against unemployment."

Responding to questions from Italian trade unionists, Joaquin Almunia stated that the failure of Spanish unions to take part in the management of businesses is a "weak point and will become controversial in the future."

On the evolution of the management sector, the minister said that Spanish employers are "more politicized" than professional, and that in this respect they are still not up to the level of their European colleagues.

Also he said that "employers are very disoriented because they lost the elections; some are waiting for the government to move and others are placing all their confidence in the opposition now being mounted."

Also, in Almunia's opinion, employers were "protected" for many years by "political power."

Referring to Spanish participation in the European Economic Community, Joaquin Almunia said that this integration is not so much an economic necessity as a historical necessity.

Also present at the press conference were France's minister of labor, Jean Aurous, Greece's labor minister, Evangelus Yiannopoulos, and Italy's minister of state participations, Gianni de Michelis, all of whom stressed the need to "coordinate" the economic policies of the various governments.

In addition, the European socialist conference highlighted the importance of coordinating the action of this political group in Europe in opposition to the monetarist policies of the United States and Great Britain.

#### Business Debts to Social Security

Businesses owe Social Security approximately 700 billion pesetas as of 30 September 1982, according to a study by the Ministry of Labor and Social Security made available to EFE.

The report shows that this amount of money which was not paid into Social Security's general fund represents about 15 percent of the total paid into the fund during the first 9 months of the past year.

With this in mind, the Ministry of Labor and Social Security will soon sign an agreement with the Finance Ministry, which will carry out the billing functions needed to collect money which is owed to Social Security.

The accumulated debts to Social Security include accounts payable, liquidation actions and certificates of indebtedness.

11,989

CSO: 3548/170

## STATE TO ASSUME 3-YEAR DEBT OF LOCAL GOVERNMENTS

Madrid EL PAIS in Spanish 16 Feb 83 pp 1, 17

[Article by Javier Angulo]

[Text] Madrid--The state will assume all deficits of local communities from 1979 through December 1982 and 50 percent of the remaining fiscal charges for the fiscal years 1975 to 1979, which will require 100 billion pesetas, according to yesterday's announcement by Tomas de la Quadra, minister for territorial administration, in an appearance before the Autonomous Policy Commission of the Senate.

The minister committed himself to sending the bills concerning local government and involving the financing of the local communities to parliament during this half year.

According to Tomas de la Quadra, state assumption of all debt of local treasuries has some peculiarities. One of them involves carrying out the appropriate audits of the municipal governments "to verify the reasons for those deficits, in some cases, and to sign contracts and programs permitting the central administration to make certain that they comply with the provisions and the instructions imposed by that administration as a condition for the subsidies."

Pointing out another peculiarity, the minister said: "Those municipal governments in which the deficits do not exceed 20 percent of their liquid obligations plus actual deficits will be fully subsidized. If they exceed that 20 percent, the excess will be covered by a system of loans to be assumed by the communities themselves."

The minister explained that these measures had the purpose of setting the finances of the municipal governments at zero so that they will be on solid ground for taking on the responsibilities to be placed on them by the law for local financing, "which is far along in its preparation and will soon be sent to parliament." "In the future," he said, "the law will make possible the guaranteeing that the local communities have sufficient resources for their needs."



According to De la Quadra, the measures for prior indemnification have no other purpose than to clean up the previous situations so that they will not continue to burden the reform of local financing to the point of distorting the purpose and effects sought with that law.

A little earlier, the minister had announced that the new bill concerning local government would be sent to parliament in the first 6 months of this year. "It is," he said, "seen by my department as a great challenge." This model, together with the law for financing local communities, will permit the legal establishment of the specific framework of local autonomy with respect to the new structure created beginning with the so-called state of autonomies.

In regard to the traditional approach of guaranteeing local autonomy by assigning certain areas of local jurisdiction to the municipal governments, the minister indicated "that it is more opportune, without trying to regulate everything in advance, to recognize that there is a sphere belonging to local autonomy requiring that all sectorial legislation contain a provision on that sphere of sectorial matters corresponding to the local communities."

The first part of the minister's address, referring to the basic principles of the government's autonomy policy and the specific actions of his department in regard to transfers and their evaluation, transgressions by officials and completing the process of autonomy, contained nothing new worthy of note with respect to what the minister announced recently to various news media (see EL PAIS, 7 February 1983).

9746

CSO: 3548/182

## GOVERNMENT PLAN FOR STEEL INDUSTRY REJECTED IN SAGUNTO

Madrid EL PAIS in Spanish 26 Feb 83 p 43

[Article by Manuel Munoz]

[Text] Valencia--The government's announcement of the measures it intends to apply to the Spanish iron and steel sector was met with widespread opposition in Valencian Country, particularly in Sagunto, within whose city limits the Altos Hornos del Mediterraneo (AHM) factory is located. The government's measures, which were communicated to the Follow-up Commission for the Iron and Steel Reconversion Plan on Thursday, include the dismantling of nearly all the plant's head installations--coke battery, blast furnace and steel works--as well as the structurals mill.

Nearly 6 billion pesetas will be invested in auxiliary facilities for the cold rolling mill, which will continue to be at the state of the art in world technology; but the factory will be converted into a large rolling mill, thus losing its role as an integrated steel plant. The proposed closedown of the head installations would involve the loss of some 2,500 jobs, according to calculations by the Ministry of Industry, from the current payroll of 4,125 workers at AHM.

In addition, Segundo Bru, member of the Council of Industry and Trade of the Valencian Generalitat, told EL PAIS yesterday: "We do not understand why the Coordinating Committee for the Integrated Iron and Steel Reconversion Plan was not convened. That is the competent organization in matters of investment. The committee, in which we autonomous communities are represented, is being bypassed."

Furthermore, Bru stated on behalf of the Generalitat, "irrespective of the timeliness of the submission of these measures, and the flimsy, strictly technical motivations that prompted them, we favor the defense of the volume of employment affected, not of jobs per se." The institution's final position on this issue, which has not yet been determined, "will depend on the budgetary compensations that are established to minimize the impact of the announced measures on this area."

## Protest Measures

"In the event that these compensatory measures are exceedingly low," added the Council member, "we will oppose the Ministry's position." The Council, or government of the Valencian Generalitat, will announce its final position on this matter next Monday during a plenary session of the Valencian Cortes.

In Sagunto, the AHM workers had at first decided to shut down the factory with a strike, but that move was delayed pending the results of an assembly that was held yesterday; those results were not yet known as of press time. One of the proposals to be debated was a general strike in Sagunto, similar to the successful one of last 16 February.

The Sagunto City Council, with a leftist majority (11 members from the PSOE, 8 from the PCE and 6 from the UCD), held a single-issue plenum on AHM; the results of that meeting were also unknown at press time. A Socialist spokesman for the City Council told this newspaper: "We are not in favor of the dismanteling, and we will certainly support any measures that backs the maintenance of AHM's current facilities." Yesterday morning a group of some 500 women demonstrated in front of the Sagunto City Council to request that no facilities be dismantled at the factory.

The Workers Commissions (CCOO) released a communique yesterday in which it affirmed that the government appears to be flouting the agreements of 1981, as indicated by the fact that the installation of the hot strip mill (TBC) was delayed, "and there is talk of surplus personnel not covered by the agreement."

6926

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## PRIVATE SECTOR PROMISED BANKS OF EXPROPRIATED RUMASA

Gonzalez: Not Beginning of Trend

Madrid EL PAIS in Spanish 26 Feb 83 p 1

[Text] Yesterday the president of the government, Felipe Gonzalez, told Rafael Termes, president of the Spanish Private Banking Association (AEB), that the expropriation of the Rumasa banks is not "the first step toward the nationalization of the sector," and assured him that these entities will return to the private sector once they have been brought back to health. The banking representative reported this conversation as he left a meeting of more than 2 hours with the president at his residence in Moncloa Palace. In addition, sources close to the new administrators of the holding company for the "abeja" [bee] stated yesterday that all the businesses managed by Rumasa will be expropriated, including those which did not appear on the list published Thursday in the OFFICIAL STATE BULLETIN. The final list of these firms will be submitted Tuesday to the plenary session of the Congress of Deputies, which will study the confirmation of the expropriation decree-law.

Rafael Termes stated that in the banking sector "there is no concern about the measure," and described as "reasonable" the government's decision to expropriate the Rumasa properties and banks. While recognizing the private banking sector's approval of the expropriation, the AEB president denied the existence of alleged pressure by large private banks on the government to take vigorous action in the Rumasa case. "The government made the decision without consulting the banks." Termes asserted that, aside from the credit cooperatives, the financial system is not in danger of entering new crises. He also stressed that the AEB has already issued its challenge: "to take over the Rumasa banks once the government has nursed them back to health."

Moreover, sources close to the new Rumasa administrators declared that all the businesses managed by the holding company, including those that did not appear on the list published last Thursday in the OFFICIAL STATE BULLETIN, will be expropriated. The final list of businesses, which will include quite a few additions to the old list, will be revealed at the plenary session of the Congress of Deputies next Tuesday, when the confirmation of the expropriation decree-law will be debated. Although the group's most recent communications mentioned some 400 businesses, the list contained in

the annex of the decree-law consisted of 232. Of those, three corporations with a small minority share were deleted yesterday: Roca Radiadores, Fletamentos Maritimos and Tuneles del Tibidabo.

One of the corrections requires that the assessed valuation to be received by shareholders in the expropriated businesses will be paid by the government over a period of 3 months following the date of the agreement of the parties, or the resolution of the jury. To that amount will be added the basic interest rate of the Banco de Espana (8 percent), accrued from the expropriation until that time.

The new administrators are being advised by Joaquin Lopez Ayuso, former director general of the Rumasa banking division. He stepped down from that post last October to go into private law practice. Among the people named to ensure the normal operation of the 20-odd banks that comprised the Rumasa bank group are Francisco Ruiz Jarabo (from the Banco Urquijo), Juan Llado (from the Banco Internacional de Comercio), Martin Oviedo (a former UCD deputy), Ignacio Burueta (of the Banco de Vizcaya), and Carlos Ramirez de Berges (of the Banco de Bilbao).

#### Private Sector Reaction

Madrid EL PAIS in Spanish 26 Feb 83 p 39

[Text] The president of the government, Felipe Gonzalez, told the president of the Spanish Private Banking Association (AEB), Rafael Termes, yesterday that the expropriation of the Rumasa banks is not "the first step toward the nationalization of the sector," and assured him that these entities will return to the private sector once they have been brought back to health. This conversation was reported yesterday by the banking representative as he left a meeting of more than 2 hours with the president at his residence in Moncloa Palace.

Termes, who described his meeting with President Gonzalez as "normal, if it were not for the circumstances which brought it about," expressed the private banking sector's satisfaction with the government's performance in the Rumasa crisis. As he noted, we should take into consideration the special circumstances under which the government resorted to expropriation. "There is no concern of any kind about this measure," he said.

The AEB president pointed out that the purpose of his meeting with President Gonzalez was "to review the financial situation" and to get first-hand confirmation from the president of "what Minister Boyer had explained." "The government intends," said the banking representative, "to put the Rumasa bank group in order and then return these banks to the private sector. This policy appears very appropriate to us."

In this regard, the AEB leader termed the government's decision to nationalize the Rumasa properties and banks "reasonable," and pointed out that there are two reasons why it should be regarded in this way: in the first place, the banks were owned by an industrial holding company, which

made any other solution difficult. In the second place, according to Termes, the volume and size of the affected banks "would have made it impossible for private banks to undertake this corrective action."

While recognizing the private banking sector's approval of the expropriation, Rafael Termes denied the existence of alleged pressure by large private banks on the government to take vigorous action in the Rumasa case. "The government made the decision without consulting the banks. . . We must bear in mind that the problems of the Rumasa banks were not typical of this sector," he said.

#### Offer to Cooperate

The AEB president announced that now that the credit entities of the "abeja" group have entered the public sector, the bank crisis is considered closed. "It can be affirmed," he indicated, "that aside from the credit cooperatives, which fall outside our sphere, the financial system is not in danger of entering any new crises."

After his meeting with the president, Rafael Termes reiterated the private banking sector's offer to cooperate with the government, "even though," he said, "we have our differences regarding the government's economic policy, but not its objectives." The AEB president pointed out that, as the International Monetary Fund (IMF) stated in its recent preliminary report on the Spanish economy, "we believe that the fiscal and wage measures, and the labor policy in general, are not consistent with the proclaimed objectives of reducing inflation."

Prior to his visit with the president at Moncloa in the afternoon, Rafael Termes had breakfast with the "Women Journalists of the Ritz" group. The banking representative stressed to them that "the government's decision has caused no concern." Termes also claimed that the AEB has already issued its challenge: "to take over the Rumasa banks once the government has nursed them back to health."

The following is a summary of Termes' statements to the journalists, according to EFE: He feels that the government will not nationalize the banks; he says that the Rumasa expropriation has not caused concern; he asserts that Ruiz-Mateos can make mistakes but he cannot lie; he thinks Boyer has been imprudent; and he does not doubt the sincerity and efficacy of the president of the government.

When Miguel Boyer picked up the telephone on 23 February just before 2330 hours to inform the president of the banking association of the government's decision to expropriate Rumasa, Termes was not taken by surprise. A brief moment of fear ("because it was a bad precedent that would pave the way for nationalizations") gave way to a sad confirmation of "what we had thought for some time: that if something happened to Rumasa we would be unable to resolve it because the conflict is too big and goes beyond our competence."

The minister of economics and finance gave him advance notice, as he had on so many other occasions, such as the devaluation of the peseta. Termes had just one question: "El Atlantico too?" Boyer answered: "Sotillos will read the statement now." On the other hand, Termes was unable to talk to Ruiz-Mateos. Since Saturday Termes had been trying in vain to talk to the business executive, but the president of Rumasa was inaccessible by phone. In view of such a crucial decision by the government, the position of the banking sector was a key factor. Rafael Termes, representing private banks, is optimistic and calm: "The government's decision has caused no concern."

#### Disagreement with Manner

Termes disagrees with the manner of the expropriation rather than the fact of it. The awareness of its inevitability is tempered by "my dislike of the procedure." The banking sector's criticism of the government is, in this case, minor: "Miguel Boyer's statements were imprudent." The Spanish banking sector's solidarity with Rumasa is limited to its president's personality: "Generous, unassuming, hard-working, sincere, motivated by achievement and not profit. Jose Maria Ruiz-Mateos can make mistakes, but he cannot lie." But this admiration and respect for the business executive has nothing to do with business: "This matter is over our heads. It is not a problem of the banking sector, but one which the state must resolve, because it affects sectors that have nothing to do with us."

The AEB has already issued its challenge: "to take over the banks, once the government has nursed them back to health." The banking sector is not interested in being stuck with the Rumasa Banks, says EFE, but now that they belong to the state it is willing to take them over by contributing the necessary effort and funds to prevent the public sector from controlling credit.

The concentration of risks, the murkiness of the situation of its enterprises, and the excess valuation of the stocks, according to Termes, are factors that should be considered in explaining the situation and Rumasa's fate. Finally, concerning Ruiz-Mateos, he stated: "I would be very shocked if they prosecuted him, because he is incapable of wrongdoing."



## BANKS REALIZE INCREASED DEPOSITS IN 1982, MEAGER INVESTMENT RISE

Barcelona LA VANGUARDIA in Spanish 15 Feb 83 p 29

[Text] The external cash of Spanish banks expanded by 18.64 percent between 1982 and 1981, practically the same growth rate experienced the previous year. On the other hand, investment rose by a smaller amount, having grown by 15.74 percent in 1982, as opposed to 17.57 percent in 1981.

Here is a list of the current averages for the principal categories: investments climbed by 15.74 percent, with 27.98 percent representing credit, 18.12 percent in the securities portfolio and -0.36 percent in the commercial paper portfolio. As for cash resources, internal cash rose by 9.99 percent, while depositors' resources grew by 18.64 percent. In the latter category, the growth in the "certificates of time deposit and bonds in circulation" sector was noteworthy; the 1981 rate of 14.76 percent rose to 25.20 percent in 1982. Deposits, however, increased by only 23 hundredths (from 18.14 percent to 18.37 percent). The total variation of external cash resources went from 18 percent in 1981 to 18.64 percent in 1982.

Investments underwent a sharp decline between 1981 and 1982. The 1981 growth rate was 17.57 percent, compared with a 15.74 percent growth rate in 1982. The blame for this goes to industrial banks, which slumped from 14.13 percent in 1981 to 7.34 percent in 1982, a reduction of practically 50 percent. In the commercial paper portfolio there was some retraction both for industrial banks, which had a rate of -1.08 percent in 1981 and -1.98 percent in 1982, and commercial banks, whose 1981 rate of 2.03 percent fell to a negative 0.20 percent in 1982.

Credits slumped as well, by 8 points, as the 1981 rate of 35.84 percent fell to 27.98 percent in 1982. Industrial banks, once again, are the culprits, having plunged from 25.49 percent in 1981 to 13.88 percent in 1982. Commercial banks, meanwhile, regressed as well; their rate fell from 38.04 percent in 1981 to 30.68 percent in 1982. In the commercial paper portfolio, however, commercial banks experienced a 6-point rise, from 15.83 percent to 21.19 percent, while industrial banks registered another drop: from 1981's 5.66 percent to -1.45 percent in 1982.

In the deposit category, demand deposits experienced a decline from 11.85 percent to 7.18 percent, while the growth rate of savings accounts fell from 9.71 percent to 6.46 percent. Time deposits rose a point, from 20.30 percent to 21.50 percent, and deposits in foreign currency registered a jump of nearly 7 points (55.19 percent in 1981 to 61.88 percent in 1982).

#### Problem Banks

In the "problem bank" group, the Banco de Levante saw its deposits shrink by 21.25 percent for a loss of 13.288 billion pesetas; the Banco de Descuento lost 5.567 billion (-38.78 percent), and Mas Sarda lost 3.813 billion pesetas (-8.81 percent). On the other hand, the Banco de Alicante registered a 1.17 percent growth, while Credito e Inversiones grew by 13.79 percent. The Catalanian group had the following results: Banca Catalana -32.93 percent; Industrial de Cataluna -44.13 percent; Industrial del Mediterraneo -30.92 percent; Banco de Barcelona -49.17 percent; and Banco de Gerona -27.57 percent. The Catalanian group as a whole saw its external cash resources drop by 96.401 billion pesetas, from 263.226 billion to 166.825 billion (-36.64 percent).

The table below is the ranking of Spanish private banks, with the following data: order in ranking of deposits, name, order in ranking by internal cash resources, by total resources, by number of offices, and ratio of external resources per office, as well as the amount of deposits as of 31 December, and the rate of increase in 1982.

As can be seen in the table of the top 20 banks in terms of deposits, the ranking for annual growth places the Banco Central in first place (33.87 percent), followed by Industrial de Bilbao (26.81 percent), Espanol de Credito (24.06 percent), Banco Union (23.02 percent) and Sabadell (22.08 percent).

#### Ranking of External Resources

Banks	Billions of Pesetas	Percentage
1. Banesto (1) (1) (1) (55)	1.468.397	24.06
2. Central (2) (2) (2) (42)	1.459.951	33.87
3. Hispano (3) (3) (3) (40)	1.104.299	9.27
4. Bilbao (5) (4) (4) (41)	1.000.927	19.71
5. Vizcaya (6) (5) (6) (44)	788.938	21.84
6. Santander (4) (6) (5) (49)	738.606	18.34
7. Popular (7) (7) (7) (48)	517.606	18.41
8. Exterior (8) (8) (8) (30)	439.008	21.12
9. Pastor (12) (10) (9) (50)	209.810	18.33
10. Urquijo (9) (9) (41) (7)	205.830	17.72
11. Atlantico (16) (11) (14) (29)	189.086	18.56
12. Sabadell (11) (12) (16) (28)	165.601	22.08
13. Union (17) (13) (21) (20)	163.855	23.02

14. Fomento (13) (14) (39) (12)	141.792	15.51
15. Andalucia (20) (15) (12) (71)	121.065	17.83
16. Ind. Bilbao (18) (16) (83) (1)	115.444	26.81
17. Valencia (23) (18) (11) (85)	110.653	17.01
18. Zaragozano (21) (19) (13) (64)	108.855	11.98
19. Intercont. (15) (17) (22) (32)	108.388	18.17
20. Madrid (14) (20) (15) (57)	100.760	9.55

8926

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## BUSINESS LEADERS ENLIST AID OF FINNISH EAST-BLOC TRADE EXPERT

Stockholm DAGENS NYHETER in Swedish 7 Feb 83 p 15

[Article by Kaa Eneberg: "Reports in Finnish Press: 'Expert on East-Bloc Trade Wooed by Sweden'"]

[Text] Helsinki, Friday--According to the Finnish press, Finnish executive Olavi Mattila, an expert on East-bloc trade, has been the target of intense enlistment attempts by a number of Swedish companies which want to increase their trade with the East.

Olavi Mattila is one of the big names in Finnish business and industry; among other things he is head of Valmet. This spring he leaves his last major function in Finland, the post as chairman of the board of Enso-Gutzeit. Last year Olavi Mattila was outmaneuvered as chairman of the board of Valmet.

Olavi Mattila, 64, is regarded as one of the major experts on East-bloc trade. His services in this area were frequently utilized by President Urho Kekkonen in the establishment of Finland's very extensive Soviet trade.

Mattila also has good contacts with Swedish business and industry. He participated in the establishment of both Saab-Valmet's assembly plant in Uusikaupunki and the tractor cooperation between Volvo and Valmet.

According to certain press reports, Olavi Mattila is already said to have been enlisted by a Swedish company, but they do not say which one. Mattila himself neither denies nor confirms the information.

Several companies in other countries as well, which like Sweden now consider it urgent to expand their contacts with the East, are said to have contacted Mattila.

11949

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## JORDAN CALLS FOR COOPERATION WITH TURKISH BUSINESS

Istanbul DUNYA in Turkish 16 Feb 83 p 8

[Article by Ozer Akman]

[Text] Jordanian Union of Chambers of Trade Assistant Chairman Mohammed Haj Deeb announced that his country is prepared to cooperate in every manner with Turkish businessmen. Deeb noted that, while he would like Turkish businessmen to make contacts as a delegation with Jordan, they are unable to guarantee independent contacts.

In an exclusive statement to DUNYA, the Jordanian businessman, a founder of Petra Bank, one of Jordan's large banks, and an owner of several large corporations, pointed out that a large, 9,000-square-meter building was constructed in Jordan and called upon Turkish businessmen to form a corporation to establish a large store in this now-empty building to sell solely Turkish products. Deeb continued:

"At the same time, we have a cold-air depot with a capacity of 3,000 tons. By making use of this, it is possible to retail and wholesale all types of food products and every type of consumer good, from A to Z. In fact, even reexportation can be considered. It must not be forgotten that, even though the Middle East countries do not have large populations, they possess great purchasing power." Deeb, who explained that there are also other nations that have approved this project, stated that he is urgently proposing the concept of partnerships to Turkish businessmen.

The Muslim businessman, who owns a number of corporations in, primarily, food products and in the fields of construction materials, electronics, carpets and furniture, glass, ceramics, and livestock, has visited the food products fair arranged by the OTIM [expansion unknown] in recent days and has formed ties with approximately 20 firms. Deeb announced:

"First of all, it is necessary to congratulate those who conceived of the idea of this fair. I have visited Turkey on business on several occasions prior to this. This, however, is the first time I have had the opportunity to see collected in one place the products of your country's different regions. Turkey is only beginning this practice, which has been employed in western nations

for many years. Even though Turkey is inexperienced, the result is truly satisfactory, and I am thinking of returning to Turkey in the months ahead with my colleagues."

Deeb, who finds that most Turkish businessmen do not have experience in exportation, said that Turkey has a great deal of potential, but that it does not make itself known and needs to advertise in order to open itself more to the world. He noted that the Turkish trade attache office in Jordan has begun to work very actively in recent months and stated:

"Despite the fact that it is in the Middle East, Turkey has just begun to develop relations with neighboring Muslim nations. As a matter of fact, a noticeable number of businessmen from your country has been, in recent days, paying visits. However, we, as Jordanian businessmen, do not wish this very much, because we cannot detect reliability. I say this based on the experiences we have encountered in our country and in neighboring countries. A person can be deceived once, that's all. In my opinion, the best course would be for you to come by forming trade delegations."

Deeb, who reported that he sees regulations slowing down the work of exporters and that free-trade regions would be very beneficial to Turkey, said, "There is, however, a point that must be heeded. Permits must not be granted for goods of foreign countries that will compete with Turkish export products. If they are, you will not have protected your competitive advantage."

Deeb noted that the decrease in oil prices is not an event that will affect Turkey's exportation. He stated, "Even if oil prices fall to \$15 a barrel, Middle East countries will be in a position to spend, comfortably, a great deal of money on food and consumer products."

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CSO: 3554/146

## ROUND TABLE ON PROSPECTS FOR LABOR ENVIRONMENT

Istanbul MILLIYET in Turkish 13 Feb 83 p 4

[Round table discussion held by Refik Baydur, TISK (Turkish Confederation of Employer Unions) acting chairman general; Emin Kul, Turk-Is (Turkish Confederation of Labor) acting chairman general; Dr Metin Kutal, professor at the Faculty of Economics; and Ozer Oral, moderator]

[Text] Oral: Bills related to basic laws of our labor life have been sent to various organizations in order to obtain their views. For this reason, law bills dealing with unions, collective bargaining, strikes, and lockouts are the topic of this week's discussion.

Mr. Kutal, will you describe the major outlines of the new law bills?

Kutal: Our new constitution has included extremely important revisions in the field of social rights. The union, collective bargaining agreement, strike, and lockout bills have also been redesigned in a manner appropriate to the constitution. The bills seek to eliminate irregularities resulting from practices during the years, 1963-1980.

In the constitution, unions cannot take part in an activity conflicting with basic principles of the republic. The principle of the indivisibility of the national state and the people, without a doubt, bears extremely great importance from the standpoint of unions and is mentioned a number of times in the new bills.

Oral: Was it because unions engaged in a conflicting activity on this issue that a need to place this statute in a law was perceived?

Kutal: Unions in Turkey have been, in general, organizations that respect the laws. It is, by no means, correct to accuse them of engaging in activity that would qualify as divisive of the unity of the nation and the people.

The second important principle of our constitution is the giving of broad coverage to union freedom. In comparison with the 1961 Constitution, we see that union freedom has been regulated through a series of much more detailed statutes.



Oral: Do you mean to say that unionist freedoms have been broadened further?

Kutal: No. I do not wish to say more freedom. There are more detailed statutes, but there is also the condition of respect for the basic principles of union freedom. Our constitution includes classical freedoms and, at the same time, gives broad coverage to union freedom. However, its purpose is also to prevent it from being misused.

Oral: Has security to become a union member and to engage in union activities been broadened in the bill?

#### Union Membership Coverage Inadequate

Kutal: Union freedom is secured in the law bill. However, the law is not deemed adequate on important issues such as a worker being fired as a result of engaging in unionist activity or being a union member. We do not find in the bill any statute whatsoever on the topic of rehiring a worker who is dismissed because of unionist activity even if this is proved in court.

Oral: The fields of union activity have been restricted tremendously. What effects will this have?

Kutal: Unions' social, cultural, and economic activities have been limited to a great extent. They have been limited to collective bargaining activity. Various social and economic activities of unions have been clearly prohibited. In our country, the majority of union activities have centered around collective bargaining. It is certain that it is not correct for unions to be involved in collective bargaining alone. It will be extremely beneficial from the standpoint of the nation in the future for unions to engage in various activities in the social, cultural, and even economic fields.

Oral: Can you give an example?

Kutal: Nearly all cooperative activities have been eliminated, and the possibility of unions' becoming a partner in other industrial investments has been removed.

Oral: What types of new statutes are there in the bill on the topic of union representation?

Kutal: In the past, grave imbalances, grave problems emerged on the issue of union representation. With the new bill, the restoration of jobs of representatives will be carried out, not by provincial arbitration councils, but through labor courts.

Oral: Isn't there a sense of intensification in the article?

Kutal: No. This article is more positive if the judicial body acts speedily. If there is a delay in reaching a decision, unrest at the place of business will occur. The bill introduces with it a number of statutes to prevent this. Furthermore, the functions of union representatives are clearly defined in the

bill. This is appropriate. In the past, representatives engaged in a series of enterprises that, from time to time and to a large extent, trampled union-employer relations.

Oral: There is an article in the bill stating that students cannot become union members. How will this be enforced?

Kutal: In the bill, new groups were added to those that cannot be union members. They are students and private school teachers. I believe that this ban stems from the fact that, in the past, students were the advance guard in various worker actions. In my opinion, it is not proper to deprive a person who earns a living in the capacity of a worker of a right merely because he is a student. With the restriction of including private school teachers, the problem gains significant dimensions.

Oral: Are there new statutes dealing with democracy within unions?

Kutal: In the past, it was seen that some, though only a few, union administrations did away with democracy within the union. There is a need to prevent this. The new bill has introduced extremely wide-range statutes in this area. For example, it is proposed that a person can be elected to a union's executive body only for three terms and that he cannot be elected to two consecutive terms. I, personally, do not believe in a great necessity for this. If the same person receives the approval of a union's general council, he should continue to serve. Union administration is not a position for which constant change is wanted.

Oral: Are there significant changes on the issue of supervision of unions?

#### ILO Principles Violated

Kutal: This topic is also included in the constitution. The state will be able to supervise unions from an administrative and financial standpoint. It is clear that the law that will be enacted bears great importance in this area. The supervision of union administrative officials violates ILO agreements. In addition, decisions made by administrative bodies will be examined to determine, besides their legality, whether or not there is a functional need for them. This is categorical interference in the internal workings of a union. Inserting this in our law will result in serious criticism from international organizations.

Oral: What do you have to say about the check-off system for membership dues deductions?

Kutal: In my opinion, it would be wrong to call it the most important problem of the worker movement. It is, to us, one of the most insignificant.

Oral: Can the qualification of registering 10 percent of the workers in a branch of business so as to be able to obtain the authority to bargain collectively be considered regression, a limitation when compared with the former percentage?

Kul: As a matter of fact, it is not possible to find a similarity between the bill that is now in our hands and the old laws dealing with unions and collective bargaining. It has been drafted with completely new statutes. There is, however, a parallel in the two new draft laws. Unionist organizing and the goals of bargaining supplement one another. There are parallels between records of acquired membership and obtaining the authority to bargain.

Oral: What do you have to say about confirmation of a majority of members and the form of contracts?

Kul: On the issue of authority, the number of union members will be established by collecting at the Ministry of Labor one of the five notarized copies of the documents that finalize membership for each union member. I believe that a determination will be made by computer rather than by inspection of the documents. Being left out on this very technical topic carries with it serious objections. In the bill, the formation of branch-of-business unions is foreseen. However, contracts have been reached as "operations contracts," "place-of-business contracts." Here, too, there is a contradiction.

Oral: What about a change in the number of unions?

Kul: The law had already reduced the number of branches of business to 24. It is certain that, with other restrictions, a change is under consideration.

Oral: In the past, the authority to bargain collectively was one of the grave problems. How do you find the new revision in the bill?

Kul: We are obliged to forget the past completely. A new system is coming. It says, in the bill, "place-of-business contract," but since there will be no place-of-business unions, branch-of-business unions will make contracts. In order to be able to make a contract, it is necessary to have secured 10 percent of the workers in the branch of business, a majority of 51 percent of the workers of the place of business making the contract. As for the topic of the "operations" concept, there is no clarification in the law. If a type of operations contract will be reached, there is no clear definition dealing with operations in the law. This, too, could result in problems in the future. From the beginning, our confederation examined the bills using a large staff of experts. An announcement will be made in the future. In my opinion, it will be appropriate to determine our reaction to the new system rather than dwell on the articles individually. The technical issues such as determination of authority are not very clear.

Oral: The requirement of carrying out a decision to strike within 60 days is being introduced. Formerly, the union made this decision.

Kul: The change here must be evaluated as one part of the goal to cause an agreement to be reached as quickly as possible. There existed a void on this issue in the past. It used to be that strike decisions were carried out days, months later. Now, the time limit on application is being instituted. To me, what is more important than this is informing the employer on which day a strike will take place and other statutes related to strikes.

## Announcing Strike Date Objectionable

Oral: What result will this article produce?

Kul: There are leanings toward not confronting employers with surprise strikes. If the fact that speculation will be able to take place about workers and service contracts through a series of endeavors, providing information as to the day a strike will begin and taking a series of preparatory steps and measures could create various drawbacks.

Oral: Are the rights to employ workers who are not striking and to use stockpiles while a strike is in effect steps backwards?

Kul: Various statutes related with application of a strike have been set down. If I may say in summary, what is wanted is to introduce statutes on the right to strike that are weighed carefully and worthy of analysis.

There are two important points that must be considered in modifications to be made.

1. In whatever form the new changes are able to ensure conformity and conformity with agreements developed through work in this field for years by the International Labor Organization, which is designed on the international level with the participation of representatives from three groups -- states, employers, and workers -- and comply with the standards defined by the Confederation of Free-World Workers Unions, which develops principles by living through the bitter experiences of the past, by drawing conclusions leading toward the protection of the democratic system, then the democratic system will have gained strength and substance in the same manner.

2. The most important point to keep in mind when making modifications is not to favor the course of preventing abuse of a right by lifting the essence of the right or the right itself.

To the degree these two important elements in making changes are able to fit in with, most competently, the realities of our nation, the requirements of our community, and the necessities of democracy, to that degree security, freedom of anxiety, and justice will be provided to those working in the business and labor world.

Oral: Mr. Baydur, do you, as a representative of employers, see a large difference, from the standpoint of unionist freedom, between the new bill and the old laws?

Baydur: I am well being prepared, the commitment to unionism freedom has been maintained. I agree with Mr. Kul's views on both laws. It was attempted to bring the laws to a completely new understanding. This bill is not an amendment or a restoration of former laws. Let me add immediately that, in the preparation of these bills, it is not possible to find an inkling of political compromise in the past. New views have been introduced only in the light of new, altered circumstances.

Oral: Can you give an example?

Baydur: Political activities, for instance, are completely closed to unions. In this ban, there is an impression of a sensitive leaning toward the remnants of the past. The respected professor said that unionism in Turkey is not a tool of politics. Of course, he has tried to be very objective in his own profession. However, let me, as a person who is involved with application, say quickly that, with the exception of Turk-Is [Turkish Confederation of Labor], high-level organizations have entered politics. There are very clear examples of this.

Severe restrictions on social activity are not set forth in the bill. However, an attempt is made to prevent irresponsible social activity. There is absolutely no restriction on economic activity. That is because the existence of unions and the method of activity are also economic.

Oral: There are articles in the bill that contain new statutes dealing with unions' international relations. What do you, as an employer, think about this issue?

Baydur: I also believe in the need to put an end to Turkey's European affectations in international relations.

Unions, too, became involved in the European affectations of all our organizations. I admit in advance that it does not take much skill to become a member of international organizations indiscriminately and that it is necessary for the Turk to be interested in the whole world, not only Europe.

Oral: In your opinion, are the new statutes in the bill that deal with the financial resources of unions, which were of great concern to the public in the past, adequate?

Baydur: The control of unions' assistance resources is the result of bitter experience. In our country, it was our unions that were nourished by foreign and domestic resources. I, too, oppose giving a series of subjective determinations to overseers for the supervision of unions. I believe that it would be beneficial to leave this to general council organs rather than to use subjective judgments.

Oral: What type of results will come out of the statute that a person can only be a member of one union?

Baydur: The principle of belonging to a single union that has been inserted into the bill is an extremely apt one. It eliminates the situation of a person belonging to various unions, which raised serious problems in the past.

Oral: Is the restriction on union dues an adequate measure?

## Law Should Not Restrict Dues

Baydur: Placing a ceiling on dues cannot, in fact, be considered very appropriate. At the very least, it would be beneficial to have union dues bound by a general council decision. We, as the employers confederation, oppose the "check-off" system. I think that powerful unions will take little notice of this system anyway.

Oral: Will the limitation on terms in union administration elections foster the development of internal democracy?

Baydur: To restrict unionists who are elected to the administration to specified terms is, in my opinion, a very improper action for unionism and is a misconceived statute in the bill. This is because unionism is a force, an education. It is a self-renewing profession. To remove a person and make him wait in a sense after he has reached a certain level in this profession could result in objections from the standpoint of Turkish unionism.

Oral: Are there innovations in types of contracts?

Baydur: Contracts for places of business and operations have been grouped together. In the past, grave problems were created by making place-of-business and branch-of-business contracts simultaneously. Several unions exploited this. In this case, the bill, to me, is fitting.

Oral: What is your reaction to the decision that a resolution to strike must be implemented within 60 days?

Baydur: In my opinion, it hits the mark. In the past, some unions used a decision to strike as a threat-letter for up to a year. As for informing the employer of the date a strike will begin, I believe that this practice is applied in all progressive countries. Also placing the manner of applying strikes and lockouts in this law is a big step. I believe that being able to sell the products of employees who wish to work and prohibiting demonstrations with drums and pipes at businesses where strikes are in progress will also be useful from the standpoint of proving to an extent the serious and reconciliatory methods of this business. This law gives security to the employee who wants to work. I do not find it appropriate, when broadening the ban on strikes, to include banks that are not considered to be of public service. As for the High Arbitration Council, let me say that its usefulness was great in the past.

## ANALYSIS OF KYPRIANOU VICTORY IMPACT ON CYPRUS ISSUE

Istanbul MILLIYET in Turkish 15 Feb 83 p 5

[Commentary by Sami Kohen: "The Meaning of Kyprianou's Election Victory"]

[Text] How did [Cyprus President Spyros] Kyprianou win his "election victory" which far exceeded expectations and which is even considered a surprise by many analysts here. What is the meaning of this result?

The "landslide" victory of the Greek Cypriot leader, with 56.5 percent of the vote, Kyprianou, thus soundly defeated his main rival Glafkos Kliridhis who did not get what he expected. It can briefly be evaluated as follows:

1. With his accord with ANEL [Restorative Party of the Working People] last April on "large common denominators", Kyprianou virtually guaranteed the communists' nearly 11-percent share of the vote. In other words, the DIKO [Democratic Party] leader entered the campaign with a minimum vote potential of 52 percent. The fact that he far exceeded that figure shows that he has not lost any votes since the elections two years ago and that, on the contrary, he has made some gains. Some of these extra votes came from the three small parties not represented in the assembly, some came from the parties of the rival candidates and some came from the young voters who voted for the first time and who constitute 7 percent of the electorate.

2. In a sense, Kyprianou's victory means a "vote for stability." A large segment of the population is very happy with Kyprianou's administration. Economically, the Greek Cypriot leader is in a situation envied by even the West Europeans. Unemployment and emigration are both at very low levels. The Cyprus pound is a strong currency that has maintained its value. The current account is in the black. National income is rising. Per capita GNP is over \$4,000.

3. In foreign policy, although Kyprianou was unable to resolve the Cyprus problem, he was able to maintain stability at the international talks. He pursued ties with Athens without bowing to Papandreu. He developed relations with the Third World.

4. Kyprianou, the Greek Cypriot leader, preferred the continuation of this stable situation over the establishment of a new administration.



3. The Greek Cypriot voters may be said to have given Kyprianou a "vote of confidence" on Sunday. It is a fact that Kyprianou's alliance with AKEL is causing uneasiness--even anxiety--in certain circles. However, Kliridhis' campaign allegations to the effect that "Cyprus will go communist; it will turn into another Cuba and the Turks will attack again as a result" did not win much credence. The voters trusted Kyprianou who emphasized his opposition to communism and who stated that he will not give any positions to AKEL in his cabinet.

4. It was certain that if Kyprianou entered this race on his own, without AKEL's support, he would have remained far behind Kliridhis. Although a bolder and more charismatic politician, Kliridhis was "left behind" in this race, even though he won nearly 34 percent of the vote, because he could not form a partnership with other parties and had to run on his own.

5. The third man, [EDEK leader] Dr Lyssaridhis, could not even play the part of a "spoiler." Although he performed a little better than during the last elections, Kyprianou's success left Lyssaridhis out of the second round.

6. Kyprianou remains in power as a "stronger man" than before.

Now will he use this power? Will he continue his alliance with AKEL? Will the communists' influence rise as a result of this accord? Will the intercommunal talks continue? Will he embark on new measures to increase the pressure on Turkey? Will he smooth out his occasionally overshadowed ties to Athens?

These are the questions that are being asked by everybody these days. However, what is considered certain is that, following Kyprianou's election victory, the political scene, which was placed on the backburner for the last few months, will move to the political agenda and that a new and dynamic period will begin.

## REPORTED SOVIET'S VIEW OF CLOSER TIES FROM TIKHONOV VISIT

Athens TA NEA in Greek 7 Feb 83 p 9

[Article by Special Correspondent Ang. Stangos: "Rapprochement Between Greece and USSR But With Cautious Steps"]

[Text] The visit of Soviet Premier Nikolai Tikhonov in the last 10 days in February has special political significance for the Soviets--a political significance which is seen differently from Greece, of course, but whose extent and uniqueness cannot be questioned. The Soviet side has not yet officially announced Tikhonov's visit to Athens, but this is standard practice. Official visits are not announced in advance except very shortly before they take place or even while they are in progress. In any event, neither has the Greek side announced the day for the visit. But it is evident that the Soviet government is preparing public opinion for the visit with frequent articles on Greece in PRAVDA and IZVESTIA and other newspapers while the TV broadcasts news reports from Athens. The main subject in these reports is the development in the negotiations about the American bases which are now tied to the current goals of Soviet policy.

This is the first time a Soviet official of such a high level is visiting Greece and this fact alone leads to certain conclusions, especially if it is combined with the developments in our country's external relations but also with the international stage in general and mainly with the Soviet initiatives about the control of nuclear armaments. These conclusions are strengthened by the perceptions formed by this writer during his official and unofficial contacts in Moscow.

For the Soviets Greece today is a question mark in the exercise of their foreign policy. They realize that a new political situation has developed in Greece since PASOK came to power.

At the same time they see clearly the changes in the Greek position inside NATO and ESC with regard to international problems--nuclear, Poland, economic sanctions, peace movements, disarmament, Middle East--as they manifest themselves in the context of a multi-dimensional foreign policy. It is certain that the Soviets wish to take advantage of the changing Greek positions by developing their relations with Greece.

The "question mark," however, from the side of the Soviets is how much and in what sectors they will try today to strengthen relations with Greece and to what extent they will maintain a "safe" distance from Greece's national issues which certainly are or can become at any moment international problems.

The Soviet Union wishes closer relations with Greece but at the same time appears to be particularly cautious lest it create serious problems for the Greek government and also the international balances maintained by the super-powers in various parts of the world, and of course in Europe, the Balkans and in the eastern Mediterranean.

#### Political "Opening"

The political "opening" of the Soviet Union to Greece will be of an economic nature based on the principle that the existence of economic relations with countries, especially of the so-called free economy, may avert the deterioration of political relations since the interests which will be developed in the meantime will serve as a safety valve to prevent such a development.

This was shown in the question of the Soviet gas pipeline to western Europe and in the failed effort of President Reagan to ban the grain exports to the Soviet Union.

In Moscow nobody talks about the possibility of signing an agreement in Athens for political cooperation between Greece and the Soviet Union during Tikhonov's visit. The Soviet Union does not seem to want such an agreement at least for the time being since the primary objective is not to create problems for the PASOK government with a sudden heating up of the political relations between the two governments.

On the contrary, the conclusion from all discussions at every level is that the Greek socialist government needs time to overcome the obstacles and difficulties it faces in various sectors.

The basic objective of Soviet policy toward Greece is to come closer with cautious steps in a climate of stability. [Moscow] would view with concern the development of domestic conditions that could endanger the stability of the Greek government.

#### The Extension of Airports

Of special significance for our country is the attitude of the Soviet Union on our national issues and especially on the Greek-Turkish differences. The Soviet government keeps "equal distance" on the Greek-Turkish disputes advising the solution of the "differences" through negotiations, avoiding to involve itself with the actual problem. It is evident that Moscow does not want a Greek-Turkish confrontation which could close the straits for an indefinite period. Nevertheless, lately it has reasons not to be particularly happy with certain Turkish activities.

In Moscow they view with concern the building and extension of airports in Turkey which are designed to be used by the Rapid Deployment Force of the United States if this is deemed necessary by Washington. But if this may be regarded up to a point as "one move" in the international game for securing strong positions, what has particularly annoyed the Kremlin because of its immediate effect is the unilateral and sudden decision in Ankara to raise by ten times the toll for ships going through the Dardanelles.

This decision has an immediate effect and is annoying because 7,000 Soviet, 2,311 Greek, 1,000 Romanian, 800 Bulgarian, 350 Yugoslav and 500 Italian ships pass in one or the other direction through the straits.

The Soviets and the Bulgarians refuse so far to pay the higher charges and the Turks have not yet reacted but the Soviet Union would like Greece's support for the pressure it exerts or plans to exert on Turkey to revoke the increase.

#### Traditional Philhellenism

According to responsible officials in Moscow, the cost is too great for the Soviet Merchant Marine as it is also for the Greek shipping industry and the Soviet side has asked Turkey to start negotiations on the subject.

With the cause of Soviet displeasure toward Turkey given--even though expressed unofficially--the next point made in our contacts and discussions was the traditional philhellenism of Soviet public opinion toward Greece.

This is a traditional philhellenism based on the elements of the ancient Greek spirit which is taught in the schools, but which does not have a corresponding impact on the realistic exercise of foreign policy by a major power.

In spite of this, this writer was told by a "parallel channel" in the Soviet capital that the USSR does not wish any change in the status quo of the European frontiers as they were delineated after World War II, and therefore this applies also to the Aegean.

This was followed by the clarification that the Soviet Union has signed treaties with the U.S., Great Britain and France in 1945--evidently they refer to the Yalta Agreements--and with the Federal Republic of Germany in 1971 which guarantee the respect of the frontiers which form the European map today. There may be a reference to this subject by N. Tikhonov during his meeting with Andreas Papandreu.

In this connection, it appears that there is today a group in the Soviet Foreign Ministry which argues that the extension of territorial waters by Greece, under the Law of the Sea, will not have negative effects on the passage of Soviet ships through the Aegean.

extension to 12 Miles

The same group rejects the view that in this case the Aegean will be turned into a "Greek lake." They argue that there are many cases of "closed seas" where the right of free navigation for Soviet ships is secured with special bilateral agreements.

Interesting, with regard to the Greek-Turkish problems, is a Soviet view that the 35 phantoms bought recently by Turkey from Egypt with the permission of the U.S. are destined for Iran. According to this Soviet view this is Iran's strengthening by the U.S. put into effect indirectly through Turkey which is playing the role of an intermediary. Whether or not this theory is sound only time will tell.

#### International Situation

It is certain that Papandreou and Tikhonov will discuss the international situation as it has developed with the Soviet and American proposals about nuclear weapons in Europe and the question of nuclear-free zones in the Mediterranean and the Balkans.

It is possible that N. Tikhonov will present new Soviet proposals for creating such zones which his country believes can become the basis for increased trust between the two military camps.

We should not expect spectacular results for the Tikhonov visit to Athens. But the fact of his visit is considered by the Soviet side as a positive development in its foreign policy especially after the different position taken by the Greek government on several subjects within NATO and the EEC.

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## GOVERNMENT'S INDECISION, ERRORS ON BASES POLICY SCORED

Athens MESIMVRINI in Greek 12 Feb 83 p 4

[Excerpts] Mikhalis Papakonstantinou, deputy from Kozani and former minister, in a concise critique of the cleverly advertised governmental "feverish activity" is led to melancholy conclusions about our national existence.

## A Supplicatory Letter

Of course the negotiations for the bases are difficult. But because the governments of the New Democracy were "evil"--let us not forget the "cursed past"--we start all over to wind up, after much effort, toil and a great deal of noise and much bravado, with what the Karamanlis governments had achieved already in 1976--the 7 to 10 ratio--and in 1978--a balance of power in the Aegean.

But a few days ago all this was overturned. We send a begging letter--without threats, without special demands, without the old slogan "out with the bases"--while at the same time we encourage demonstrations in which, of course, the government does not make up its mind: Either the people do not want the bases and should act on the basis of the popular mandate or regardless of what the people want, our national interests call for the presentation or the removal of the bases. But where is the courage for this? [The government] mobilizes--with its unsurpassed inventiveness and capacity for language distortion--what it has called "national unity." It does not matter how many parties are represented in the Chamber of Deputies with some mandate larger or smaller to represent some of the people. We remember all the parties even those on paper or at least those that have registered their emblems with the Cessation Court [Areios Pagos]. And with a little effort and more television we try to find "national unity" counting how many parties agree with the premier or congratulate him and how many have reservations or do not agree with his policies. The result: so many--in numbers--agree and so many--again in numbers--do not approve. Therefore we have achieved the coveted "national unity."

It is likely that the government will sign the agreement in the end, we hope with the best terms for Greece. We are certain that the agreement will be announced with the familiar fanfare in the PASOK fashion after declaring that "for the first time the Greek government deals proudly with the foreigners." "At last the bases of death are leaving"--this spoken loudly, and then in sotto voice: "In 4 years." Here, too, there must be some "success."

## PAPER GUILTY OF PUBLISHED REPORT ON PREMIER'S ILLNESS

## Court Proceedings

Athens I VRADYNI in Greek 8 Feb 83 p 5

[Excerpts] A 5-year prison term and a 400,000-drachma fine was imposed yesterday by the First Three-Member Misdemeanors Court of Athens on VRADYNI publisher Georgios Athanasiadis, managing editor Eleftherios Depos, editor-in-chief Sarandos Sarandakos and reporter Dimitrios Rizos who were found guilty of "spreading false information that could cause unrest among the Greek people." There was also the additional penalty of depriving VRADYNI of its tax exempt status for newsprint for 3 months.

Specifically, VRADYNI was taken to court because in its 29 October 1982 issue it published an item under the headline "Andreas Went to Ygeia [Hospital] on Election Night. He felt indisposed after the triumph." It reported that the PASOK chairman felt suddenly sick Sunday night and was taken to the cardiology department of the Ygeia Hospital where he was examined by heart specialist Pararas who found that there was nothing serious. The doctors suggested to the PASOK chairman to avoid exertion and A. Papandreou returned to Kastri early in the morning.

In the same issue, VRADYNI in its "Teasing" column published the same report together with best wishes for the premier's good health. At the outset of the court proceedings only Pararas came to testify. Dim. Maroudas was absent.

## Witness for the Prosecution

Witness for the prosecution Markos Pararas testified that he is the premier's personal physician and he knows that the premier was not ill on that day, because if he had been he would have been the first to know. He added that the report which portrayed the premier as having health problems insults the name of Papandreou and causes unrest among the Greek people.

Mr. Rizos

Mr. Rizos testified as follows:



"Because of an accident I happened to be at the Ygeia Hospital and I was told by the nursing staff about the visit of the premier. The information was verified by several sources among the hospital personnel at all levels. I am absolutely certain that the premier had indeed taken ill and went to Ygeia but I cannot understand why the government did not announce it formally. I remember that some time ago the premier visited another physician on Alopekis Street. The appropriate minister hastened to deny the report. But when there was a lot of noise because hundreds of people on Alopekis Street had witnessed the visit, the minister recanted.

Court President: Why didn't you bring any witnesses from the hospital personnel to reaffirm your report?

Defendant: This would be tantamount to their beheading. I prefer to risk a conviction than to have those people lose their jobs.

#### The Prosecutor's Proposal

Public prosecutor Karatsalos said that the press in today's democratic systems performs a lofty function because it informs public opinion on daily events and in addition it scrutinizes public affairs.

"I believe that the press should always perform this lofty function. In this case, the VRADYNI report does not constitute a violation because the report on the premier's illness, whether true or not, has not caused any anxiety among the Greek people. For this reason I recommend that the defendant be acquitted."

#### The Decision

Following the closing arguments of the defense attorneys, the court withdrew to consider the verdict. The president of the court, in announcing the verdict said that "the decision was arrived at by the majority." The accused appealed the sentence and were released.

'No Comment'

Athens I VRADYNI in Greek 8 Feb 83 p 3

[Text] Maroudas did not come to court. Civil suit attorneys were not present. Witnesses for the prosecution--with the exception of Pararas--were not present. The public prosecutor's address was a commendation for VRADYNI and its reporters who are doing their duty courageously and asked for their acquittal.

The president of the court received our explanations with understanding. We responded clearly to his questions. We recalled Maroudas' denial during a second visit by the premier to his cardiologist and we presented the denial of the denial. In court we testified clearly that "we did not cause any anxiety among the people by reporting that the premier felt somewhat ill and went for a cardiogram, and that they found nothing and he went home in

excellent health." Yet we were found guilty and sentenced to 15 months in prison each of us, and with a destructive suspension of our tax exemption for newsprint for 3 months. The president of the three-member court told us that the decision was 2 to 1. The other two judges on each side of the president were Madame Elesa Kharamounda and G. Angelopoulos.

No further comment is necessary.

#### Question in Parliament

Athens I VRADYNI in Greek 9 Feb 83 pp 1, 12

[Excerpts] The harsh sentencing of VRADYNI's publisher by the Three-Member Misdemeanors Court of Athens, because of the report it published about the premier's sudden illness that caused him to go to the hospital for an examination, caused a strong reaction in public opinion. At the same time, the wholesale sentencing of the newspaper officials, which President of New Democracy Averof characterized as savage persecution, is now going before the Chamber of Deputies and the issue takes on political dimensions.

Seven New Democracy deputies, Sot. Papapolitis, Vas. Kondogiannopoulos, St. Demas, Sot. Kouvelas, Kon. Sapsalis, Kon. Printzos and Dim. Kapelouzou, introduced yesterday an interpellation for the minister of justice and the minister to the premier.

In the interpellation they underline that the persecution of VRADYNI reveals the partisanship and bigotry of the PASOK government. They also state that the health of political leaders is a subject covered by the press all over the world, while the absence of the deputy minister of press from the court is interpreted as proof of the government's one-dimensional partisan purposes.

#### Government "Sensitivity"

The government spokesman found "professional sensitivity" yesterday with regard to the heavy sentence imposed on VRADYNI, without hiding that he was the one who in his capacity as deputy minister of press gave instructions to the public prosecutor to take the newspaper to court.

Responding to questions from newsmen, the deputy minister of press (who has worked himself as a journalist) said that it is the duty of the judiciary to prosecute those who exceed "the accepted limits."

Asked what "accepted limit" was exceeded by VRADYNI when it wrote that the premier went to the hospital because he was ill and that a few hours later he went home, the deputy minister gave the following explanation: The purpose of the report was to give the impression that the premier was sick!! In the comment that it is not insulting to be sick, the deputy minister did not respond. Finally, to the question of why he did not appear in court to testify, he snapped: "I do as I please."

1521/103



...they add up to evident opposition to the  
...to begin with, in Milan the discussion, which has already  
...involves numbers: is it only one section (as the federation  
...two that have voted for the amendments drawn up by Cossutta?

...data the federations have furnished, it appears that  
Cossutta's opposition has thus far managed to prevail in only a very few  
areas of the industrial North. Of the 300 sections in Lombardy which have  
...the Cossutta faction has imposed its views on only  
...the federations cite two cases in the province of Cremona where  
...condemn the Soviet Union far more explicitly  
...amendments.

Sectional assemblies held in Veneto, 20 have proposed amendments  
...but successfully in only one of them. In the city  
...of Turin, to date about 10 sections have approved the  
...document, unanimously in almost every instance. The Genoa  
...reports that the document has been widely confirmed in the 15  
...already voted on it.

...continues to exist in the party and,  
...is championed without reticence. A poll commissioned  
...during the first half of December among 400 PCI  
...estimates this pro-Soviet nucleus  
...enrolled membership, or slightly less than the  
...poll held last March (about 18-20 percent).

...political currents--the right, center, and  
...rank-and-file. For the first time in any PCI  
...from the replies given by those  
...First, "Should the PCI pursue a form of  
...revolution, and therefore remain a revolutionary  
...in his amendment published by UNITA.  
...members answered in the affirmative.

...the reform experiments  
...which speaks  
...approval: 19 percent. The third  
...that conform  
...the reformist experiments  
...the platform of which  
...is founded.  
...percent.

...with  
...for many years:  
...from  
...with

socialists both in the national and local sectors, the communists queried prefer a stable relationship with the PSI by a wide margin (61 percent) to a revitalized historic compromise with the DC (17 percent). This question was followed by another: which do you prefer, Craxi or De Mita? The response: 24 percent in favor of Craxi, 15 for De Mita. However, six communists out of 10 chose not to answer. The first significant conclusion to be drawn, then, is the following: the Cossutta faction and Rodano's Catholic communists, tactically flanked for some months, can count on the support of only one-third of the party.

#### Lama's Men

For some time, observers have been wondering whether Berlinguer, despite his charisma, has not lost some of his appeal for his party members, and if so, by any chance, which members of the party's directorate might be emerging. The poll reveals that Berlinguer remains by far the most popular among all Italian and foreign leaders, followed not too far behind by Pietro Ingrao. In the third place stands Luciano Lama, a reformist, but so moderate that he often finds himself at odds with the PCI secretariat. This outcome warrants some reflection, inasmuch as Giorgio Napolitano, the most coherent leader of the rightist current, won a negligible endorsement among the interviewees, apparently not so much for his views as for his character and behavior, both thought to be unsuited to a leader of the working class. On the other hand, should the party move more decisively toward an alliance with the PSI and decide to adopt social democracy as its model, the most charismatic candidate for the base would be Luciano Lama. These signals obviously derive more from the personality of the individual exponents of communism than from the ideas they profess. One startling case: the preference accorded Cossutta (6 percent) is well below the numerical strength of the pro-Soviet wing.

#### Andropov? We'll See

The poll shows that three communists out of 10 deem the appointment of Andropov, hitherto chief of the USSR secret service, as head of the PCUS to be inappropriate. Six out of 10 do not know what to think about him and are reserving judgment until he has proven himself.

An entire chapter concerns the "intensive activity", incited by certain foreign powers, against the present secretariat. Is there any tangible proof of this "intensive activity"? Many think there is (36 percent), but others (29 percent) believe that while this disturbing campaign does exist, it is well camouflaged. Should anyone who agitates behind the scenes to create factionalism be punished? Expelled from the party? Punishment, the majority maintain, should be meted out only when a party member's political corruption can be proved.

This brings us to the reason for the expulsion of Roberto Napoleone, publisher, from the party. Was it right for him to publish the names of those communist party members who took refuge in the Soviet Union, only to be victimized by Stalinist repression? Almost half of those queried

(45 percent) agreed that "It was right to procure the list, publish it, and rehabilitate those comrades unjustly imprisoned and killed in the labor camps." But one-fourth of the interviewees felt that "It was right to procure the list, but it would have been better not to publish the names since this is an internal matter for the party." But 13 percent replied that it would have been advisable to drop the matter altogether, because the published list could only spark a denigrating campaign against the USSR and the PCI leaders of the time.

#### Moscovite or Ingraoist?

Within the PCI exists a nostalgic, conservative current--more numerous than the strictly pro-Soviet nucleus--which strains to support the policy shifts effectuated by the secretariat. In fact, 40 percent of the interviewees disagreed with Berlinguer and the congressional document that the October Revolution has lost its propulsive power. There is another current, largely supported by the majority, which readily accepts the secretariat's policy shifts, and considers party discipline and democratic centralism absolute values which must be preserved at all costs.

Meanwhile, slowly taking form is a third current, which encompasses the most "liberal", restless wing of the party, largely influenced by Ingrao. This group stands for three changes: the end of democratic centralism (as Alberto Asor Rosa recently wrote); more open honest debate; and a more forthright acknowledgement, without hedging words, that socialism has failed in the Eastern European countries. This party wing consists of many technicians, intellectuals, and specialists who joined the PCI in the hope that it would abandon abstract formulations--as they see "Italian socialism"--to recognize the validity of social democratic advances in Europe. But this faction, which stands close to Napolitano's position today, even though it would like him to be more decisive and less hampered by the pact that allies him with Berlinguer, accounts for barely one-tenth of the poll's respondents.

#### Opinions of the October Revolution

Holding firm	40.7
It has worn out its propulsive power	45.1
It contributes nothing to the cause	4.4
Don't know	6.2
No response	3.7

#### Is An Intensive Campaign Underway To Undermine PCI Unity?

Yes, there is proof of it	36.6
Yes, but there is no proof of it	29.7
No, I do not agree	12.5
Don't know	18.7
No response	2.6

What Nation Is Endangering Peace Today?

United States	51.6
Soviet Union	4.4
Both	39.9
Don't know	2.2
No response	1.8

Should A KGB Man Head The USSR?

Yes	24.9
No	28.9
Don't know	31.9
No response	14.3

To Which of These Current Leaders Do You Feel Closest?\*

Berlinguer	61.2
Ingrao	41.8
Lama	25.3
Napolitano	14.7
Castro	11.4
Cossutta	6.2
Andropov	1.5
Marchais	1.1
Jaruzelski	0.7
Rodano	0.4
Deng Xiao Ping	0
Don't know	4.0
No response	3.3

\* Two replies permitted

To Which of These Past Leaders Do You Feel Closest?\*

Togliatti	70.3
Guevara	24.2
Ho Chi Minh	20.5
Tito	19.4
Khrushchev	13.2
Stalin	7.0
Mao	8.1
Brezhnev	5.1
Don't know	3.3
No response	2.6

\* Two replies permitted



Where It's Different, Where It Isn't

[Boxed article by Oscar Mammi]

I have studied the outcome of the first PCI assemblies of the rank-and-file. I do not believe that the central issue of the so-called "communist question" lies in the party's internal democracy or in its so-called "democratic centralism"; rather, the possible degree of convergence between the PCI and the other forces of the democratic left must be measured in terms of foreign policy, especially economic policy.

The next national congress, however, and the local assemblies now meeting will yield significant indications concerning the party's evolution. The time is well behind us when, as Giancarlo Pajetta recounts in his latest book, communists were expelled or suspended for dining with a Yugoslav diplomat, to Moscow's displeasure.

As for Cossutta's amendments to the secretariat's political document: as is now happening in local sections, his observations on international relations will win total endorsement by those rank-and-file party members who still remember the USSR as the guide-state, and who do not consider the impetus of the October Revolution exhausted.

I do not think there will be any breaches, nor do I want them. Indeed, I cannot see what democratic advantages there might be in establishing a second Italian communist party, which would be pro-Soviet. I doubt that it would accelerate the process of Westernizing the PCI; it could have the opposite result of inducing greater caution in running for cover electorally.

There will be a minority at the congress, probably a very restricted minority. But the important thing is that it exists; its size is of less importance. It does not seem to me that the internal opposition in the other parties of the left has much consistency.

Discussion Is What Matters

[Boxed article by Claudio Signorile]

I do not believe that the problem of the next communist congress lies in the numerical validity of the precongressional percentages nor that the extent of PCI internal democracy can be gauged by the number of delegates allotted to Armando Cossutta. This measure of judgment is much like criticizing the excessive number of political currents in certain parties. Is there too little democracy in the PCI and too much in other parties? This does not seem to be the problem.

Moreover, the communist party is undeniably passing through a slow transformational process, which is propelling it in a democratic direction, however painful to a component of directors deeply rooted in the party's experience and political culture. While it is true that the PCI's present structure allows the summit to channel and dominate a debate which has not

yet found complete political expression, it is no less true that debate does exist, and forms an ever growing part of the PCI's political patrimony.

This process invests not only the summit but also the apparatus and base of the communist party, which the ESPRESSO poll demonstrates in attributing six percent of the interviewees' approval to Cossutta. If this six percent is present in redimensioned form in the party's directional organisms, it will surely indicate that the process of democratization is not yet complete; but numbers, by their very nature, give no evidence of a fact which, in my opinion, is much more important: that in the communist party, the practice of debate, discussion, and confrontation is spreading. This is the basis of democracy; sooner or later numbers become the inevitable consequence of it. There is as little democracy in a party in which the summit decides for everyone as there is in a party in which many different currents express positions of power exclusively.

It is in this sense, therefore, that the PCI's congressional results should be read. The communist party will not end its long march toward a new party in the court of assizes, but surely it will make a significant step forward --a step that could sanction once and for all the irreversibility of its slow, tormented advance.

9653

CSO: 3528/78

## LABOR PARTY MULLS PROBLEM OF CIVIL DISOBEDIENCE

Amsterdam ELSEVIERS MAGAZINE in Dutch 22 Jan 83 pp 46-47

[Article by Rene de Bok: "The PvdA and Civil Disobedience;" passages enclosed in slantlines, printed in italics]

[Text] For years, the Labor Party [PvdA] has maintained an ambivalent relationship with the phenomenon of civil disobedience. In accordance with the latest decision of the party council, the PvdA will examine what possibilities, forms and perspectives of civil and administrative disobedience are compatible with socialism. The investigation will be carried out within the framework of a "social strategy" against the government policy. It is not completely clear what should be understood by this strategy. It is obvious, however, that the party council has once again placed itself one meter apart from the party leadership, as a result of which the traditional controversy between parliamentary and activist tendencies within the PvdA are once again coming to the fore.

These differences of opinion about the future course did not originate today or yesterday. They became manifest when Max van den Berg made a successful grab for power during the chaotic final years of the seventies. The manner in which he, as candidate president, portrayed himself as a spokesman for activism, was hard to digest for the established powers within the PvdA, including political leader Joop den Uyl. As a matter of convenience, Max van den Berg pushed the parliamentary party and the party leader into the "Hague circuit." This designation referred to a blind confidence in the working of democratic decision making. What Max van den Berg meant by this was that the Hague circuit consisted of a club of people who professed socialism primarily verbally, but who had no intention of supporting actions based on social unrest to the bitter end.

Max van den Berg's judgement was a shock, especially when he was elected party president on the waves of his populist approach. But to what remarkable situations Max van den Berg's activism could lead was shown by the great confusion surrounding the blockade of the nuclear power station in Dodewaard. While on the eve of the blockade the then minister of internal affairs, Ed van Thijn, seriously warned against the consequences of this form of extra-parliamentary action, party President Max van den Berg called on the Dutch socialists to join the blockade. At one point, Van den Berg and Van Thijn faced each other as enemies. The PvdA seemed unable to bend the paradoxical

combination of government responsibility on the one hand, and support for extra-parliamentary action on the other, into a single policy formula. Mr Schelto Patijn, a PvdA member of the Second Chamber, broke the painful silence with an announcement which could not be misunderstood: "The issue of nuclear energy is so important for our country that one should not and must not attempt to decide it in the outlying fields along the Waal. The fight about nuclear energy must take place through social discussions, and then in parliament. Nowhere else."

These words could have been taken from the mouths of both party leader Den Uyl and Ed van Thijn. But last week, Van Thijn was added to the committee which will examine what possibilities are available to the PvdA to become involved in the phenomenon of civil disobedience. Once again, the division over this subject came to the fore. The motion in which the PvdA was instructed to acquaint itself with the perspectives of civil disobedience, was a find of the Utrecht branch. But the party leaders were not too happy with it. Not only was Max van den Berg, the former activist who has now been sentenced to the "Hague circuit" which he once cursed, against the motion, party leader Den Uyl also opposed the new strategy with all the strength he could muster. Den Uyl called on the party council to exercise some reserve. He anticipated a situation where the element of civil disobedience would be given a disproportionately strong emphasis in the PvdA opposition.

Den Uyl shrinks from a-democratic and anti-democratic currents. His position through the years toward the phenomenon of civil disobedience is interesting. You cannot deny that his approach was consistent, albeit with slight differences. As an alderman in Amsterdam he was not a friend of this kind of popular resistance, and he still is not. At the time of the occupation of the Maagdenhuis in 1969, he determined the limits of democratic negotiations. And he outlined the circumstances under which civil disobedience could be introduced as an acceptable alternative to democratic decision making. In May 1969, Den Uyl said in the Second Chamber: "The occupation of the Maagdenhuis in Amsterdam can only be allowed as an extreme measure, in a real emergency situation, in the face of an obviously unreasonable opponent, and after all means to achieve the goal through normal negotiations have been exhausted. That means then a situation in which democracy has ceased to function."

In his Paradiso speech in Amsterdam in May 1981, Den Uyl once again supported what had moved him in the late sixties: "At that time -- in 1970 -- I tied the urge to be active primarily in an extra-parliamentary manner to the need to supplement decision making politically, that is to say in parliament. Many actions showed signs of a careless, sometimes even hostile attitude toward parliamentary democracy. With the recognition of the need for parliamentary as well as extra-parliamentary activities, I found it necessary to point out the narrow margins of democratic policy. Not because I consider parliamentary democracy to be faultless, but especially to draw attention to the vulnerability of this system to rough elements."

For years, the opinion of Second Chamber member Hein Roethof was noteworthy and authoritative. Unfortunately for the PvdA, the socialist voters have since removed him from the Second Chamber, but for years his assessment was the norm for the PvdA view of the phenomenon of civil disobedience, whether

it involved problems with the census, residential squatters, cab drivers, or university fees. The construction of Kalkar, the distribution of gasoline, barge skippers or muttering about the price policy. In a memorandum to the members of the PvdA parliamentary party, he expressed his views on civil disobedience: "When one's own orientation is increasing in society, this creates not only the danger that the weaker will be pushed further down, but it also becomes impossible for parliament to develop a considered opinion of where interventions were justified and where they were not, and of whether the principle of proportionality has been adequately complied with."

Looking back to the sixties, Roethof noted a clear difference: "In the final analysis, the primary goal of actions in the sixties was to point out abuses, whereas today it is suggested more and more that actions as such (outside the responsible bodies) can solve the problems. /If you feed this idea -- that important problems can be solved outside politics -- directly or indirectly, then as a political party you wring your own neck./"

The party council of the PvdA has chosen a different course. The party council undoubtedly did this because people realize that, in the area of extra-parliamentary action and civil disobedience, floating voters can be caught. The PvdA is seeking affiliation with social unrest, keeping in mind the knowledge that recruitment campaigns must concentrate on the left flank of the electorate in order to continue the upward trend. To win voters from the right (among the D'66 [Democrats'66]) is no longer possible. Because the small leftist parties are extremely active in the area of civil disobedience, some PvdA strategists believe that the socialists will also have to set the tone in this area.

The tone has now been set. In all the chaos it is not completely clear yet whether there is any question of discord. Because once again, the threatening prospect of two PvdA's quarreling with each other is being raised: one PvdA which sticks to the rules of the democratic game, and one PvdA which listens to the activists in the Netherlands. Signs of this were already visible during the meeting of the party council in Amsterdam, as witnessed by the endorsement of the Azivo health insurance fund in the Hague which, under the leadership of PvdA member of parliament Toussaint, opposes a parliamentary decision. The party council also indicated that upcoming actions against the modernization of nuclear weapons will have the unconditional support of the PvdA.

A Labor Party which may next once again strive for government responsibility, will inevitably end up between two fires: between democratic debate and civil disobedience. The PvdA does not want to make a choice. But anyone who warms himself at two fires, runs the immediate risk of getting burned at one of them. The party leaders have the thankless task of calling the runaway party council back to democratic order.

3463

CSO: 3614/56

## POLL RESULTS POINT TO PS VICTORY, PSD SECOND PLACE

## Support for Dissolution of Parliament

Lisbon EXPRESSO in Portuguese 29 Jan 83 pp 1, 3

[Text] A majority of the Lisbon and Porto voters supports the president's decision to dissolve the Assembly of the Republic and believes the present government, headed by Pinto Balsemao, should remain in office until legislative elections are held. These are the results of an EXPRESSO/EUROEXPANSAO telephone poll taken after Ramalho Eanes' speech last Sunday.

The telephone enquiry, the first of its kind to be done in Portugal, was conducted Tuesday, two days after the president's speech. Two hundred people were scientifically chosen and contacted. In the final extrapolation of the results, the pollsters took into consideration the social composition of the greater Lisbon and the greater Porto (where the poll was conducted) populations. These considerations included such things as sex, age, habitat, and socio-economic level. The results are presented according to these and the regional variables (see chart 1).

In response to the first of two questions (if they agreed or disagreed with the president's decision to dissolve parliament) 62 percent said yes and 14.9 percent said no. For any of the variables in question, support for dissolving parliament was always greater than or equal to 50 percent.

The figures show that many more women than men offer no opinion on the matter; 35.5 percent as opposed to 10 percent. The same is true for people in the low socio-economic level; 43.5 percent.

The percentages were not as high for keeping the Balsemao government in office. In fact, the number of yeses does not reach one half of the responses in the overall totals. However, at 48.4 percent, it is not far from this figure. On the other hand, 28.6 percent favor the formation of another government to secure the transition period until a government is formed after the legislative elections.

In some variables, the percentage of those in favor of keeping the eighth government is greater than or equal to 50 percent. This is the case in greater Porto, among men in the 18 to 34 and over 55 age brackets, in the



outskirts of both Lisbon and Porto (but not in the cities themselves), and among the upper class. However, in all cases the percentage of those who favor having the present government continue in office is higher than those opposed.

The pollsters decided to mix both results, i.e., they decided to verify the behavior of individuals by having them respond simultaneously to both questions (chart 2).

The first conclusion that can be drawn from these results is that about half of those who agree with the president (49.6 percent) also favor keeping the current government until after the elections. On the other hand, 38.8 percent of those who support the decision to dissolve parliament believe there should be another government. It is noteworthy that the overall majority of those who disagree with the dissolution of parliament (more than 80 percent) feel the Balsemao government should be kept until the elections.

Table 1

A. As you know, last Sunday, the president of the republic announced his decision to dissolve parliament. Do you agree or disagree with this decision?

B. Do you think Pinto Balsemao should remain prime minister until elections are held?

RESULTADOS EM PERCENTAGEM	(1)	(2)	(3) REGIÃO		(4) SEXO		(5) IDADE			(6) HABITAT		(7) ESTRATO SOCIOECONOMICO		
		TOTAL DAS DUAS REGIÕES	GRANDE LISBOA	GRANDE PORTO	HOMENS	MULHERES	18 A 34 ANOS	35 A 54 ANOS	55 E + ANOS	CIDADES	PERIFÉRIAS	ALTO	MEDIO	BAIXO
A. Concorda com P.R.?														
(8)	Sim	62.0	64.0	57.0	68.9	53.6	67.9	56.3	54.2	63.5	58.7	50.0	64.1	52.2
	Não	14.9	14.0	17.0	21.1	10.9	11.1	18.3	18.8	14.9	15.9	25.0	15.2	4.3
	Não tem opinião	23.1	22.0	26.0	10.0	35.5	21.0	25.4	27.0	21.6	25.4	25.0	20.7	43.5
B. P.M. deve manter-se?														
(9)	Sim	48.4	47.0	52.0	50.0	49.1	53.1	45.1	50.0	47.3	50.8	59.4	49.0	39.1
	Não	29.6	28.0	30.0	38.9	20.9	28.4	31.0	27.1	33.8	26.2	25.0	30.3	26.1
	Não tem opinião	23.0	25.0	18.0	11.1	30.0	18.5	23.9	22.9	18.9	23.0	15.6	20.7	34.8
(10)	Total entrevistas	200	100	100	90	110	81	71	48	74	126	32	145	23

1. Percentage results
2. Total for both regions
3. Region: Greater Lisbon, Greater Porto
4. Sex: Men, Women
5. Age: 18 to 34, 35 to 54, over 55
6. Habitat: cities, outskirts
7. Socio-economic class: high, median, low
8. A. Do you agree with the president? Yes, No, No opinion
9. B. Prime minister should remain or not? Yes, No, No opinion
10. Total interviews



Table 2

A. Do you agree with the president?			
Percentage results	Yes	No	No opinion
B. Should the prime minister remain?			
Yes -----	49.6	80.6	29.2
No -----	38.8	16.1	12.5
No opinion -----	11.6	3.2	58.3

#### Voter Intentions

Lisbon EXPRESSO in Portuguese 29 Jan 83 pp 1, 3

[Text] If legislative elections had been held on the days preceding Ramalho Eanes' speech last Sunday, the PS [Socialist Party] would have received 33 percent of the vote, the PSD [Social Democratic Party] 24 percent, APU [United Peoples Alliance] 19 percent and the CDS [Social Democratic Center Party] 12 percent. These are the conclusions that can be drawn from an exclusive EXPRESSO/EUROEXPANSO poll taken in continental Portugal between 18 and 23 January. One of the assumptions under which the poll was taken was that the parties now comprising the AD [Democratic Alliance] would run separately in a future election. This poll, which was done by having people place ballots in sealed boxes carried by the pollsters, also revealed that a 13 percent abstention rate would occur.

The poll shows that the PS went up in comparison to a similar EXPRESSO/EUROEXPANSO poll published here on 9 October 1982. At that time, the socialists would have received 28 percent of the vote (see graph). At the same time, the PSD also went up by 2 percent and the APU by 1 percent. The result of this latest poll is more disturbing for the CDS which, in effect, went from 19 percent in September to 12 percent now. It should be pointed out that Freitas do Amaral resigned as CDS president in the period between these two polls.

Curiously enough, these results are not very far from those of the legislative election in April 1976 which was the last time centrists and social democrats ran separately in a parliamentary race. At that time, the PS received 35 percent of the vote (2 percent more than the poll indicates), the then PPD [Popular Democratic Party] 23 percent (1 percent less), the PCP [Portuguese Communist Party] 15 percent (4 percent less than APU now), the CDS 16 percent (4 percent more), and there was a 17 percent abstention rate. With the exception of a change of places by the communists and centrists, the parties' relative positions remain the same.

The social democrats' constant growth since 1976 is noteworthy, particularly since the two latest polls were taken long after Sa Carneiro's death and at a time when the PSD is suffering an internal crisis and there is an alleged lack of leadership on the part of Pinto Balsemao.

## More Polarization in the Interior

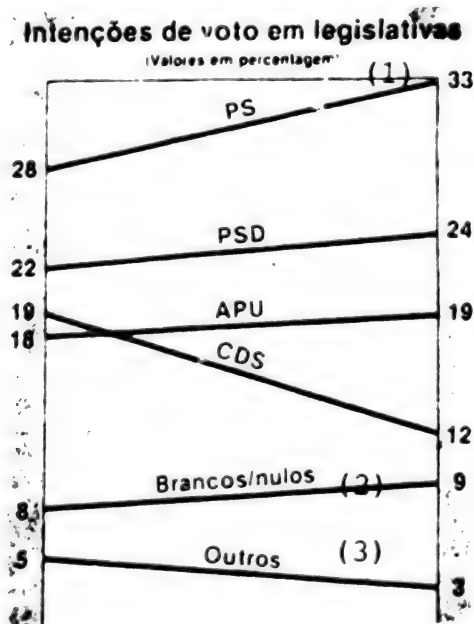
Chart 1 shows the partial results obtained in the various regions where the poll was taken. It also breaks down the results according to the different types of urban population centers, sex, age groups, and degree of socio-economic development of the areas in question.

The figures show that the PS receives the highest percentage in the coastal north and declines drastically in the interior and in non-developed areas. The PSD encounters greater difficulty in the southern interior while the APU's weak point is the northern interior. The CDS gets good results in the northern interior but declines a great deal in other regions. Generally speaking, the interior is more polarized than the coastal regions. The remaining variables do not show such a wide range.

Chart 2 shows the responses to a question on whether or not the AD parties should run jointly in the upcoming elections. The most significant responses are, of course, from those people who said they would vote for the CDS or the PSD. The results show that the majority in either party still favors keeping the AD (however, the high level of indecision or lack of opinion among voters is noteworthy). The opposition's electorate overwhelmingly favors the AD's breakup.

As for possible vote transfers vis-a-vis last month's local elections (chart 3), the figures show the PS gaining 4 percent of APU's 12 December 1982 vote, 6.4 percent of the AD or of its member parties and 20.1 percent of the abstentionist vote. The attraction that Mario Soares' party has for both the Right and the Left is certainly the most interesting result shown in this part of the poll.

It should be pointed out that this poll was made before the president's decision to dissolve parliament had been made public, which certainly caused some changes of opinion among the electorate.



(1) Voter's intentions for legislative elections (in percentage)

(2) Blank/invalid

(3) Others

Sep 82

Jan 83

Chart 1

## Voter Intentions, as Expressed in EUROEXPANSÃO Straw Vote

(1) RESULTADOS EM PERCENTAGEM	(2) TOTAL DO CONTINENTE	(3) REGIÃO				(4) HABITAT			(5) SEXO		(6) IDADE		(7) DESENVOLVIMENTO SOCIOECONÓMICO	
		NORTE LITORAL	NORTE INTERIOR	SUL LITORAL	SUL INTERIOR	MEIOS DE 10 MIL HABITANTES	10 MIL A 100 MIL HABITANTES	MAIS DE 100 MIL HABITANTES	HOMENS	MULHERES	MEIOS DE 40 ANOS	40 ou + ANOS	DESENVOLVIDO	NÃO DESENVOLVIDO
ABSTENÇÃO	13	13.6	14.0	14.9	3.9	10.9	13.5	21.6	6.5	17.6	14.4	11.8	14.9	8.7
APU	16	17.2	1.5	24.0	52.9	16.0	26.5	23.2	16.6	23.9	20.2	15.0	19.6	17.9
CDS	10	7.5	33.5	9.0	3.5	12.4	5.6	17.2	7.5	15.0	9.3	14.1	8.4	19.4
PS	13	40.3	25.5	29.7	24.6	32.9	32.9	30.9	32.0	33.0	33.0	32.2	35.4	25.9
PSD	24	31.0	33.6	16.6	10.6	27.9	16.5	17.1	25.5	22.3	21.9	25.3	21.8	29.7
OUTROS	3	0.9	—	9.0	0.8	3.8	1.7	4.0	6.4	1.1	5.6	1.3	4.4	1.2
BRANCOS/NULOS	9	8.7	5.2	11.7	7.6	7.0	16.8	7.6	10.8	7.7	10.0	8.1	10.4	5.9

(9) A % da abstenção é calculada sobre o total de inscritos (inquiridos); as restantes sobre o total de votantes

1. Results expressed as percentages
2. Total for continental Portugal
3. Regions: North coastal, north interior, south coastal, south interior
4. Habitat: Less than 10,000; 10,000 to 100,000; more than 100,000
5. Sex: male, female
6. Age: less than 40, 40 or more years old
7. Socio-economic development: developed, not developed
8. Abstentions, APU, CDS, PS, PSD, others, blank/invalid
9. The abstention rate is calculated on the total number of registered voters (persons who were polled), the remaining on the total number of voters.

Table 2

In your opinion, should the PSD and CDS run together as the AD in the next legislative elections or separately? Voter intentions:

Results expressed as percentages	Total for continent	APU	CDS	PSD	PS
As AD -----	25.4	10.2	40.2	56.9	9.7
Separately -----	51.5	72.3	18.4	33.2	74.9
No opinion -----	23.1	17.5	41.4	9.9	15.4

Table 3

December 1982 Elections

Results expressed as percentages	Abstentions	AD or PSD, CDS, PPM	APU	PS	Others Blanks/Invalid
Abstentions -----	30.7	6.1	2.3	6.2	21.1
APU -----	14.6	0.2	77.0	1.5	2.0
CDS -----	10.6	21.7	3.4	0.8	3.2
PSD -----	12.8	54.7	0.2	3.1	13.5
PS -----	20.1	6.4	4.0	81.9	35.1
Others -----	1.3	2.0	10.9	0.3	6.0
Blank/Invalid ---	9.9	8.9	2.2	6.2	19.1

## PS' ALMEIDA SANTOS SEEN GAINING SUPPORT IN PRE-ELECTORAL FIELD

Lisbon O JORNAL in Portuguese 4-10 Feb 83 p 4

[Article by Caceres Monteiro: "Politics in Three Stages"]

[Text] All races are open for the jobs as party chiefs, for the head of the government resulting from the elections and, of course (for a long time now), for the presidency of the republic.

In the Socialist Party (PS) (which benefitted from the self-destructiveness within the AD [Democratic Alliance] and the PCP's immobilism), they are discussing how they will "reassume" power. In addition to disagreements concerning the lists of deputies, the political leadership already is discussing with the minority the formulas for participation in the post-electoral government.

Mario Soares, Almeida Santos...

At PS headquarters, the possibility of an absolute majority is not being ruled out; and in that event, it is being said, it would be "mandatory" for Mario Soares himself to repeat his stint as prime minister. But the most probable outcome acknowledged is that, in spite of a considerable increase, the socialists will still have just a relative majority. In this case, Almeida Santos is a probable candidate. Not only does his image fit the office, but in recent months he has been picking up supporters outside the sphere of the socialist political leadership.

While on the eve of the elections the other parties (with the exception of the PCP) are talking about who will win the top positions within those parties, the political leadership of the PS is not in dispute. Although Jorge Sampaio and Antonio Esteves are ensuring minority representation on the commission which will draw up the lists of deputies, talk about repeating the Nafarro's meetings and about the discussion of the "Sampaio document" has not resumed.

The minority seems sure of their weight: Soares needs them and the expertise and political competency of some of their elements for a future government. For that reason, the need for agreements about how to get along together has been downgraded. This weekend in Coimbra, the conditions of the

"ex-secretariat" group will be defined. The fact that this meeting is to take place without protest from the political leadership is symptomatic of a different climate.

Both the PS and the other parties are aware the electorate is demanding that the "heads of the slate" be sufficiently identifiable.

If the policy regarding alliances remains unclear, still and all there is a feeling that the political power and the candidates for prime minister should stand out with clarity.

Within the PS, therefore, everything is more or less peaceful. It could be that discussion of the lists of deputies will create a crisis, but first "signs" do not indicate this. So it only remains to be seen whether or not Vitor Constancio, Jorge Sampaio, Joao Cravinho, etc., will be part of an eventual Almeida Santos cabinet.

Cunhal, Vital Moreira...

Within the APU [United Peoples' Alliance], with the questions raised by the MDP [Portuguese Democratic Movement] now formally answered, the peace has some "clouds". Cunhal's leadership is uncontested; the candidacy for prime minister is a remote matter. Nevertheless, if it is unable to find some sparks to ignite its traditional electoral following, and to take advantage of the possibilities offered by the MDP, the PCP runs the risk of losing plenty of votes. Three years ago the candidacy of Vital Moreira in Aveiro served not only to gain a deputy from that district, but also to impart an "air of charm" to the APU's campaign. Could it be that the PCP is preparing secret weapons for its propaganda? And, in terms of message content, what new things does the APU have to offer potential voters?

Luis Barbosa, Lucas Pires, Basilio...

On the right, nothing is clear; nothing is defined. This month, during which two party congresses (those of the PSD [Social Democratic Party] and the CDS [Social Democratic Center Party]) are to be held, may give the answer to many questions.

In the CDS, Luis Barbosa, one of the most controversial ministers of the outgoing government, seems at the start to be the candidate most likely to win the contest for presidency of the party. Lucas Pires and Basilio Horta are, however, using all available ammunition in the war to control the party apparatus.

Neither Luis Barbosa nor any other solution will be able to fill the seat vacated by the former CDS president.

He remains a patron figure, although, contrary to what might be expected, he apparently--at least not in a direct way--does not intervene in the conduct of party affairs from his command post at the Quinta da Marinha.

The true strategy of the Christian Democratic leader remains for the time being quite obscure.

Freitas do Amaral...

The people who really repudiate the wheeling and dealing in the dissolution process of the AD are those same voters belonging to the parties involved. Having fanned the high winds, Freitas do Amaral removed himself from the storm, witnessing from a distance the shattering of the image of a whole political class. Some day he will be easily forgiven for the desertion for which he is now being so much criticized. The presidential elections of 1985 are still a long way off. For now, the CDS (and especially a CDS which he already had difficulty in controlling) does more harm than good to his plans. Other people will purge the party for him. Within the CDS, one person considered faithful to the "chief" (Rui Pena) said this week that Freitas do Amaral will not come back within the next 2 or 3 years. And he also said that Mota Pinto at the head of the PSD would be a "good solution". A good solution for "good relations with the PSD".

Mota Pinto, Balsemao...

But what then do Mota Pinto's attempts at a rapprochement with the PS mean?

Could he be the man to initiate an alliance with the PS? Will Mota Pinto become vice-president to Almeida Santos in a future government, making it really a "Coimbra government"?

What sense does it make to say, as Capucho does, that the Right does not like Mota Pinto?

What sense does all that make? Will the rise of Mota Pinto (about which we were talking 2 weeks ago) be as clear as that? Will this ocean tide being reported really be so inevitable?

In the PSD nothing is really defined except Balsemao's wearing off. He is totally isolated, a symbol of power criticized everywhere. A power this week characterized by Antonio Barreto as "without energy, confidence in himself, intelligence, unity of thought and control."

"Since 1974, never have our national leaders hurt democracy so badly in so little time." (I am still quoting Antonio Barreto.) The waters are still too muddy to allow the emergence of those who could be the leaders in the new power structure that seems to become more inevitable every day.

Eanes, Mota Amaral...

It is increasingly evident that it will be difficult at least in the next few years, to find a lasting political force to replace Eanes. After what was his best speech ever, Ramalho Eanes once more cast his impressive shadow even over those who were criticizing him with increasing severity and he left the Right so crushed that it wasn't even strong enough to react to a decision as "hard" as the one the president of the republic took.

At the Quinta da Marinha, "reitas do Amaral is waiting, since now is not the time to confront Eanes (an /or his followers). Or to negotiate with them.

In the Atlantic, Mota Amaral (who this week came into the limelight again) continues to wait. With patient, calculated hopes. If the carnival period should bring Luis Barbosa, Mota Pinto, etc., this would be just one more act in a play already in progress.

If the election results actually are those now being predicted, the country may be headed by a man from Coimbra (Almeida Santos). But, even if Mota Pinto takes over command of the PSD, the power of the Right will only temporarily go out to pasture.

Mota Pinto, touted as "deputy" to Balsemao (read the news item by Carneiro Jacinto), will become the "deputy" of Almeida Santos or of Freitas do Amaral?

Whether part of a PS-PSD government or part of a new AD, he will always be a "second."

9972

CSO: 3542/33



## PCP SEEN EXPLOITING FEAR MOTIVE IN PACIFIST MOVEMENT

Lisbon A TARDE in Portuguese 8 Feb 83 p 2

[Commentary by Eduardo Cintra Torres: "Pacifists: Fear as a Political Instrument"]

[Text] A few days ago, reading a communique from the novel party "Os Verdes" of Portugal, I found the word "fear" used in national pacifist literature for the first time. The "green" people say the prospect of the use of the Lajes base instills fear in them.

The use of the word is not the result of hasty writing or the emotional impulsiveness of the author or authors. On the contrary, the discourse is highly reasoned and precise in meaning. It is part of a strategy, and it is for this reason that a text based on the use of a word does not appear to me to be a simple stylistic exercise.

Up to now, pacifism has not had any significant expression in Portugal. Even when there was talk of the possible installation of nuclear missiles on our territory, the PCP [Portuguese Communist Party] and its fellow travelers (voluntary or involuntary) did not succeed in substantially mobilizing public opinion. I think that, aside from the opposition it faces from the PS [Socialist Party], there are two major reasons for the lack of success of the pacifist movement here. First, as I already pointed out in these pages (28 June 1982), as a result of the Portuguese experience in 1974-1975, there is a general awareness that pacifism primarily serves the policy of neutralization of Western Europe, and the pacifist movement's almost complete dependency on the PCP, ergo the Soviet Union, contributed to this awareness. Second, our deceptive distance in kilometers from the United States, the Soviet Union and the FRG fosters public indifference to vital issues of the defense of Europe, arms control or the deployment of weapons.

The PCP understands these two reasons perfectly well. Its response to the first one is there to see: "Os Verdes". Instead of weighty organizations with figureheads from the political area, a "grass roots" party has emerged (promoted by unknowns), a modern-ecology-oriented party, theoretically competing with the PCP. "Os Verdes" plays the role of gradual catalysts of an electorate which is still being formed. This [electorate] is not to be captured directly by the PCP, which would be an obstacle in mobilizing a

sector which might not be favorable to it, but by a party with a program limited to environmental protection (truly limited because this is not the primary objective) and to pacifism.

Regarding the second reason, all that is needed is to transform foreign policy (missiles and other remote threats) into domestic policy (the Lajes base, the Beja base, nuclear energy) and to exploit--not the rationality of the policy--but the "irrationality of the fear".

What is alarming is not the existence of the fear--an absolutely natural phenomenon--but its use as a tool of mobilization and political action and the success which this psychological resource has already had in other countries.

It is obvious to me that this is possible because the moral and mental development of society has made possible what was once unthinkable. We are a long way from the social and mental framework of the past, when the apologia for war was presented in the same terms in which it is now condemned.

Young people today feel abandoned and remote from power. When there is a country to be governed, Portugal's political and economic evolution appears mostly irrational to the young people who learned of the 25 April Revolution at their school desks. When there is a world to be governed, an "arms race", when the world can already theoretically destroy itself, is incomprehensible.

A while ago, a radio station conducted a street survey. Confronted with the very general question: "What do you fear the most?," some young people put the fear of war before the fear of being unable to find a job when they finished school. So the use of fear as a political tool is understandable.

Where peace is concerned, sentiment has been confused with good sense, as Oliveira Martins wrote a century ago. The justification of fear--this is a topic which the sociologists should ponder.

If appropriate steps are not taken to inform the public and to replace fear with courage as a form of affirmation, within a few years we could have a peace movement with its own space, won over and not taken by force, among the youth.

6362

CSO: 3542/47

## INCIPIENT RESISTANCE TO EEC INTEGRATION SEEN IN CDS

Lisbon EXPRESSO in Portuguese 5 Feb 83 p 3

[Excerpts] Rui Amaral, PSD [Social Democratic Party] deputy and chairman of the Parliamentary Committee on European Integration, said in Brussels on Friday that "the CDS [Social Democratic Center Party] is beginning to show signs of resistance to the process of admission to the EEC, signs which did not exist until very recently.

"I do not know the origin or the real reason for this resistance; I can only confirm its existence," the deputy said. He offered, as possible reasons, "the conservative nature" of the CDS and the protection of "established interests, threatened by admission to the EEC." In a direct reference to the critical stands openly taken by some sectors of the Socialist Party, he concluded that more and more "problems are being raised by other forces that once supported the European option."

Amaral was a member of a PSD delegation which went to Brussels at the invitation of the EEC, a visit which had been planned since September as part of a program of contacts with Portuguese political forces. The delegation, which was chosen by the president of the Party, also included Amandio de Azevedo, Rui Almeida Mendes and Cardoso e Cunha.

The PSD leaders do not think the electoral campaign will cause any basic problems for the negotiations. Following a theory already defined by Joao Salgueiro, they declare that the interim government "can and should assume the necessary responsibility in the admission process."

In any case, Amandio de Azevedo argues the need for contacts with the Socialist Party to study the measures that will have to be taken to ensure the continuity of governmental negotiations in this and other matters.

Rui Amaral criticized the "situational neurosis" of the PS and its "excessive concern" over the financial impact of membership. According to the PSD deputy, the stress should be put on economic problems of a structural nature: "There will certainly be an immediate price to be paid, but the objective is to gain in the long run," he explained.

All four leaders acknowledged the lack of debate within the party regarding European integration, but they describe the PSD as the most European of the Portuguese political forces and the organization which best represents "the social strata most genuinely interested in membership."

They are quick to say that, aside from the next elections for the presidency of the republic, the EEC is the issue most important to the life of Portugal in the years to come.

6362

CSO: 3542/47

## PS STRATEGY IN BUDGET ADOPTION

Lisbon DIARIO DE NOTICIAS in Portuguese 6 Feb 83 p 2

[Editorial: "One Foot Out, the Other Foot In"]

[Text] "To be dismayed or to emigrate": this was the dilemma posed by Almeida Santos to the Portuguese people on the day the defunct parliament approved the budget. In the opinion of the Socialist deputy, the government bill was so bad, of such dubious constitutional legality, that there was no other alternative: either stay here and fret, or emigrate, preferably to a country where the "severity" of Minister Joao Salgueiro is not felt. The PS [Socialist Party] chose the first alternative.

The hypercritical judgment of Almeida Santos, taken by itself, would leave one to understand that the Socialist group in parliament would frontally oppose this budget. And in fact it did since, dismayed or not, it voted against it. The PS made it very clear, however, that it was prepared to support the government's budget proposal in the event that the CDS [Social Democratic Center Party], with one foot inside and the other foot outside the majority, shied away from supporting the coalition partners, which came to be assumed.

Luckily for the PS, the centrists finally approved the budget and the Socialist deputies could leave parliament without the "sin on their souls of consciously committing an unconstitutional act," to quote Almeida Santos again. With a clear conscience, the PS held to the line of opposition, although it let the country know it had been prepared to take on the sacrifice of being accused of complicity with the AD [Democratic Alliance]. If the CDS had one foot in and the other foot out of the majority, the PS presented itself with one foot out and the other foot inside the government, in the last parliamentary session of this interrupted legislature.

The speech by Almeida Santos proved this. Counterbalancing its opposition stand with the constant invocation of "the nation's interests", the Socialist deputy performed a skillful balancing act in which any position which his party might take would be legitimized.

"To question the positive is to question the negative," he said. From this starting point, equivalent to zero, he developed a constitutional

interpretation and an argument leading to the conclusion that it is better to have a budget "to be dismayed at or to emigrate" than no budget at all.

But it was not just the "national interest" that dictated this Socialist position. Santos recognized that a duodecimal system would be temporarily costly. With the prospect of coming to power in the near future, the Socialist Party would not like to be faced with an economic and financial situation even worse than the present one.

The willingness of the PS to ensure approval of the budget proposed by the present government was not ingenuous. This OGE [General State Budget] provided for the adoption of a group of unpopular measures which the future government, whatever it may be, will have to take. Since the Socialists obviously expect to assume power on 25 April, by itself or in a coalition, the reasoning was linear; it is better to risk being accused of complicity with the AD now than to have to present an austerity package, like a calling card, 3 months from now. It only remains to be seen if the road to Sao Bento will still be open in April.

6362

CSO: 3542/47

## BRIEFS

UDP CRITICISM—"Consensus and social compacts with the great capitalist and rightwing parties have had only two [sic] results: poverty and unemployment, repression and death," declares the UDP [Popular Democratic Union] in a message from its political committee. It is particularly critical of the agreement signed with SETENAVE, and again demands the withdrawal of the AD [Democratic Alliance] from "power and from the interim government". The UDP also criticizes the communists, "who defend the need for a social compact and have already put it into practice in LISNAVE and SETENAVE" and, the communique notes, in addition to "signing the UGT [General Union of Workers] contracts, they respond to repression with protest votes and appeals to Eanes. The social compact and the PS-PSD [Socialist Party-Social Democratic Party] government will fail," continues the UDP, which considers "five minimum measures to be necessary and urgent between now and the elections": withdrawal of the AD from power and from the interim government; immediate dissolution of the intervention police; revocation of the price increases and payment of wages in arrears; annulment of the "auctions of the cooperatives" and the denationalization measures; and cancellation of negotiations to renew the Lajes accord and to send Portuguese soldiers to Lebanon. "If the workers wait for the election with folded hands, the right will go ahead with its antipopular measures," concludes the UDP, which also defends the need for "unitarian demonstrations throughout the country". [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 2 Feb 82 p 4] 6362

UGT ADMISSION TO ETUC--The UGT [General Union of Workers] was admitted yesterday to full membership in the ETUC [European Trade Union Confederation]. UGT Secretary General Torres Couto feels this decision represents a recognition by European labor that the UGT is a democratic and representative Portuguese union federation. Admission of the UGT was approved in a meeting of the ETUC Executive Committee, with 24 votes in favor, 2 opposed and 2 abstentions. It is noted that the petition for admission was drafted in 1979 and has been voted on three times. [In 1979], the UGT was denied membership for lack of a quorum, because the Christian Democratic-oriented federations absented themselves. They were also responsible for yesterday's abstentions and opposition votes. In Brussels, Secretary General Couto told NP that the "admission of the UGT to the ETUC and the rejection of the CGTP [General Federation of Portuguese Workers] represents European labor's recognition of free and democratic unionism and the rejection of unionism with a totalitarian cast. The benefits of membership," Couto reported,



"include guaranteed UGT participation in the negotiation of 'dossiers' relating to Portuguese membership in the EEC and the active defense of Portuguese workers in the period following expansion [of the EEC relationship]. Meanwhile, the UGT condemned the government for prohibiting wage [increases] above 17 percent. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 11 Feb 83 p 3] 6362

NO CGTP-UGT JOINT CELEBRATION--The CGTP/IN [General Federation of Portuguese Workers/National Intersindical] has turned down a proposal by the UGT [General Union of Workers] for a joint May Day celebration, reports a communique released by the latter of these union federations. Accusing the INTER secretariat of being "sectarian and unrealistic", the UGT asks the workers to put the following questions to the CGTP: "Although the CGTP talks constantly about unity, is it not a fact that it is really responsible for the division of the workers?; why does the CGTP refuse to negotiate with the UGT to end hostilities, specifically in collective bargaining, so as to strengthen the unions' bargaining power with management?; what is preventing the CGTP from joining the UGT in drafting a program to improve the workers' standard of living and to bring about the economic recovery of the nation?" [Text] [Porto O PRIMEIRO DE JANEIRO in Portuguese 8 Feb 83 p 1] 6362

CSO: 3542/47

## INTERIOR MINISTER ON HIS ROLE, FUNCTION OF CIVIL GUARD

Madrid DIARIO in Spanish 5 Feb 83 p 5

[Article by Carlos Santos]

[Text] Jose Barrionuevo summed up a general outline of his program yesterday before the Commission of Interior in the Congress of Deputies. On the main topics there was no outstanding news. He outlined the legislative calendar in his area and the philosophy behind it: "Interior," he said, "is the ministry of defense of liberties." In the draft law announced by the minister, the Civil Guard will keep its character.

Yesterday Jose Barrionuevo enumerated to the Commission of Interior in the Congress the laws his ministry proposes to take to parliament in the upcoming months. He also outlined the philosophy behind those legislative drafts.

There was no outstanding news in his discussion regarding the announcements made in recent weeks. The parliamentary groups welcomed his words with speeches that could be termed as "critical support".

The support was without reservations in the cases of the socialist group and the UCD [Democratic Center Union]. The critical component predominated the participation of AP-PDP [Popular Alliance-PDP]. In each case, favorable repercussion on the steadfastness shown day before yesterday was felt by the minister at the memorial service in San Sebastian.

The most important draft of those being worked on by the Ministry of Interior is the organic law on the State Security Corps. He takes as a point of departure the "Roson draft", drawn up more than a year ago, but the socialists are seeking to carry it further.

Among the novel things brought forward in that draft by the new interior team, the most outstanding is unification of the National Police and the Superior Police Corps. The law does not go into the reform of the Civil Guard, debated by police unions, which will keep its military character.

Barrionuevo recalled that there are currently 72,000 civil guards, 48,000 national police and some 9,000 police inspectors. With the new law, the Security Forces will be divided into 3 blocs: local-autonomous, State Police and Civil Guard.

Barrionuevo did not set the exact date for sending this draft to parliament, nor that of the others announced: the new Assembly law, the Civil Protection law, modification of Police and Civil Guard regulations, Gambling law, entry regulation in the police corps. He was, indeed, clear on the "Legal Assistance law for Detainees, which will reach the Cortes next month."

New laws: The law will treat worldwide the right of assembly and to demonstrate; civil protection "will be from below up and not like it is now," the principal role of councils will take priority; mayors will recoup part of their former functions as governing authorities; the Civil Guard will focus on their role as rural police in municipalities with less than 20,000 inhabitants.

Later Barrionuevo said that his participation is inspired by several principles: adherence to the Constitution, efficiency, rationalization, unification, professionalism, etc. Latching onto the participation by his colleague Sotillo, he summed up the philosophy of his department in these words: "Interior is going to be the ministry of defense of liberties."

In answer to questions by different groups, he later touched on the most delicate aspects in his area. He did not go into the matter of terrorism which will be the subject of a single subject session, but he did say that "now that the anti-terrorist law is applied, state action against the phenomenon is more efficient."

He told Bandres that torture is no longer practiced in police stations, even though "in the matter of mistreatment, I would not dare to be so blunt."

He assured Marcos Vizcaya that the government does not intend in the short term to modify the State of Exception law. He announced to nationalists, in general, that autonomous police will stick to "lesser crimes".

He thanked the UCD for its support without reservation, and to the deputies in Popular Alliance, worried about everything related to terrorism, he reminded them of the government's philosophy, at one point like this: "The Ministry of Interior ought to prohibit payment of a 'revolutionary tax' and ransoms."

#### The Minister's Plans

Without great emphasis regarding the date for submitting them to the Cortes, the minister of interior announced the following plans:

- Organic law for State Security Corps;
- Modification of the law of Assembly;
- Civil Protection law;
- Modification of Police and Civil Guard regulations;
- Law on Legal Assistance for Detainees and Habeas Corpus.

Other aims:

- Return to mayors of their power as a governing authority;
- Enlarging the staff of the Auxiliary Police Corps;
- Progressive reduction in rural areas in the scope of Civil Guard action.

9908

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## U.S. ZARAGOZA AIRBASE FOCUS OF PROTEST

Madrid MUNDO OBRERO in Spanish 18-24 Feb 83 pp 26-28

[Article by E.L. "Zaragoza in the Eye of the Hurricane"]

[Text] The Zaragozans fear that someone with tremendous international power, and within Spain as well, has decided that their country is to be the military "Cinderella" of Europe; that, on a map of the world in some General Staff room, an index finger has been placed on their city, and a commanding voice has said, "here" ("aqui" to those who do not speak "Yankee"). And "here" in Zaragoza, the supposedly sovereign people are already tired of foreign military bases. They want the one now in existence dismantled, and the eradication, for once and for all, of the collective nightmare of being a bull's eye, a target and a certain objective of the Warsaw Pact's atomic missiles, in the event of war.

But not only in the event of war; Zaragoza wants to have its peace in peace as well. And for this purpose the American military air apparatus must leave their soil, there must be a definitive scrapping of the plans for converting the base into a NATO enclave and, as a first step, there must be a radical rejection of any plan to transfer the facilities at Torrejon de Ardoz (Madrid) to Garrapinillos, about 10 kilometers from the Aragonese capital.

Demonstration on the 27th

The desire of the majority of the populace is unquestionable. Everyone is aware of the danger that the American base entails (let us stop the hypocrisy about a "joint base" or a Spanish base with "facilities for the American forces"); and, in all probability, the demonstration called for the 27th by the Group for Peace and Disarmament will be a success. The Group includes various ecology, citizen and trade union forces... a broad spectrum without a specific political position; because its purpose, the rejection of the base, is a mutual sentiment among Zaragozans of all ideologies. Two of those in charge of the Group explained the grounds for its action to MUNDO OBRERO.

"The statement is a unified one, under the common denominator of 'no' to the American base and, of course, to its expansion with military and human resources coming from a possible dismantling of the Torrejon facilities. Nevertheless, within the Group there is respect for different positions in all matters transcending this common cause: each one is entitled to express his own opinions."

The organizers of the event on the 27th, which is backed by the Communist Party of Aragon without any ambiguity or reservation, are aware of the potential of this first demonstration:

"We want to serve as a spur to the institutions, to prevent, for example, the government from continuing to pass the buck. This is the spirit of an appeal made by the UN to the citizens' groups to fight against the nuclear threat and the world tendency toward militarization, when their actual powerlessness to influence the governments was demonstrated. We also want all the mayors of Spain most directly affected by the matter of the American bases to meet and assume a position; because it is not a matter of saving the urban or regional environment of Zaragoza, and of the risk's moving indirectly to another part of Spain. Solidarity must be fostered throughout the entire country."

### Reagan's Property

The history of the American bases in Spain is sufficiently replete to fill a book, many books (I recommend in particular "Franco's Secret Pacts With the United States," by Angel Vinas, from the Grijalbo publishers); and, if it had to be summarized in a word, that word would be "humiliation": the humiliation of our national sovereignty, policy, personality and independence. In Zaragoza, this humiliation has been experienced, and is still being experienced skin-deep. There are the uniformed men of the Yankee Armed Forces, virtually untouchable in our own territory, despite their inevitable consequence of licentiousness, the promotion of prostitution, drugs, etc. (Quite recently, the mayor and residents of Palma de Mallorca sought protection against the excesses of the "Marines" from the Sixth Fleet in their town.) There is the dreadful danger of the Bardenas Reales firing range, straddling Aragon and Navarra, where the exercises have already caused countless accidents, including about 30 devices exploding along the expanse of the air corridor connecting the firing range with Torrejon and other points, and the dropping of a bomb a few meters from a civilian camping area. There is a large accumulation of nearly tragic incidents resulting from one political situation: Spain and its Armed Forces are the most insignificant objects in the "joint bases" and the official native sovereignty. There is no room to tarry with many examples but, do you know that, during the Cuban missile crisis, the Yankee civilian population at the Zaragoza base was repatriated because of the danger that the enclave might be the target of an attack, and the Yankees did not even have the decency to say a single word of warning to our authorities? Or, do you know that, in the alarm tests, the Spaniards at the base, both military and civilian, are not allowed to enter the antinuclear shelters, which are reserved exclusively for human beings "made in U.S.A."?

The Yankee bases are the property of Mr Reagan and his Pentagon, in the middle of Spanish soil.

### PSOE's Vast Silence

With this state of affairs, what is Felipe Gonzalez' government doing? Before we answer, let us review a few statements made on behalf of his party by Fernando Moran, now minister of foreign affairs, to the Madrid newspaper ABC, in May 1981: "The treaty with the United States has semicolonial features (...). There is no guarantee of defense for Spain; North Africa is not covered. This also holds true in the

case of NATO (...). The affiliation with NATO is not an alternative to the treaty (...). Our position is contrary to the policy of blocs (...). We should not destroy balances, and our satellization must be prevented."

Nevertheless, the present-day PSOE [Spanish Socialist Workers Party], the one at Moncloa, has not made a single, clear intercession to put an end to the foreign bases. It is true that the Socialist mayor of Zaragoza, Sainz de Varanda, has been very prolific with public statements calling for the dismantling of the base. But at present, after a meeting of his with the defense minister, Narcis Serra, the shadow of doubt has fallen upon the Zaragoza public, especially when the Socialist deputies in the Provisional Assembly (a pre-autonomous entity) abstained in a recent vote taking. For PSOE, the "Zaragoza case" appears to be taking the same direction as that of NATO itself: from those pamphlets, distributed during an election campaign with the slogan "demand to be heard, demand a referendum," to the most severe attack of political amnesia.

Adolfo Burriel, secretary general of the Communist Party of Aragon, has stated that this Socialist position is at least contradictory and ambiguous, and that PCE [Spanish Communist Party] is now left as the only parliamentary party that is assuming responsibility.

He explains to us: "We are doing this for two reasons: the first one, of a permanent nature, owing to our stance of opposition to the international policy of military blocs that is jeopardizing world peace every 24 hours; and the second, which is temporary, arising from the possibility that Torrejon may be transferred to Zaragoza."

The rumors of this transfer, which has angered the Aragonese public, have been denied by the mayor; but the fact is that this has not sufficed to silence them. Many think that the mayor (and with him, PSOE) is already at the point of negotiating economic and cultural trade-offs to surmount the cruel mockery that this area has been to date: a few slide projectors (according to official texts, there was an annual budget of \$80 million which Zaragoza has not even seen in the form of a photocopy).

#### A New War Strategy

Adolfo Burriel does not preclude the possibility of an intention to make the transfer: "It is obvious that the United States would not mind dismantling Torrejon, if its potential were to be concentrated in Zaragoza, which might be considered a nucleus of military command by NATO, which has a very specific interest in Aragon. But the matter of the trade-offs is not negotiable, because the safety of individuals cannot be discussed in dollars, either upward or downward. We are opposed to the continuity of the base, which is already being used by NATO, as allowed by the treaty (which has now expired, but has been extended while the government misses a wonderful opportunity to shelve the issue), and which is of use to the Americans for their intervention in the Middle East and other international areas, without permission and in violation of Spanish laws."

In fact, the Yankees do not need a large base of the Torrejon type. Nowadays, the military apparatus can be installed on minimal platforms, and the major deployments



need only one or two locations, for example, to maintain a hangar for tank or mother aircraft. At the moment, Zaragoza has also had that good fortune: the KC-135's, flying fortresses of fuel to supply the B-52 bombers in the air are housed in Aragon. Thus, the bombers can arrive from America without landing, and be supplied above Spanish skies. Not to mention the danger that these mother aircraft represent for those subjected to them in their territory. With reason, the Yankee Army magazine MILITARY REVIEW stated that being able to use our air space and our bases was vitally important to its interests in the Middle East and the Balkans.

One must suspect, with more logic than malice, that the bite of that American bulldog will be released only if the same benefit is guaranteed on behalf of NATO; and, in addition, with the danger of Spain's nuclearization that NATO entails (no one knows for certain whether the American commitment to withdraw all atomic materiel from Spain as of 1 July 1979 was kept or not, because there was a ban on an inspection which, moreover, our authorities never seriously attempted). The Belgian chief of staff, Gen Willy Gontier, was then looking at Spain to make certain that NATO's European nuclear power had been "dispersed" throughout all the available territory. The "Cruises" which Reagan wants to place, wholesale, all over the continent, are long-range missiles certainly very suitable for Spain, because they are capable of scaling mountains and other natural obstacles in their path.

Meanwhile, Zaragoza is suffering from all kinds of noise, gas, nuisances and exclusion from its airport, which is mainly a military base, and is irascibly putting up with an "ally" which is only an ally of death and disaster.

Because the studies made are horrifying: a medium type nuclear bomb set off to destroy the military target of Zaragoza would not only put an end to the 700,000 living people in the city, but would also raze Huesca, Tudela, Caspe, Calatayud, Belchite, Carinena and a group of even more distant settlements and zones, where the people would suffer burns and the radioactive contamination would have dreadful consequences.

That is the price at which we are buying...absolutely nothing.

2909

CSO: 3548/220



## UCD DISSOLVES FOR FINANCIAL REASONS

Madrid EL PAIS in Spanish 19 Feb 83 pp 1, 52

[Article by Joaquina Prades and Fernando Jauregui]

[Text] Madrid-- The Democratic Center Union (UCD), the party that held power in Spain for 5 years and 9 months, decided yesterday that it would dissolve at a forthcoming special congress. At a tense meeting of the party's political council, President Landelino Lavilla submitted his irrevocable resignation, as did the entire Executive Committee after him. A caretaker committee was appointed, to be chaired by Inigo Caverio.

The approach defended by blue faction member Gabriel Cisneros, the spokesman of the UCD parliamentary group, which was to run in the municipal elections with the party intact under the initials UCD, was rejected by a wide majority, and in the final voting Cisneros wound up alone in opposition to the approach of a gradual dissolution. Nevertheless, the parliamentary bloc will continue as such at least until next Septemebr, when the new session begins, at which time its members can shift to the Mixed Bloc.

It was precisely the parliamentary group, consisting mostly of members of the non-Christian Democratic faction, that most strongly opposed the plans of the Executive Committee (mostly Christian Democrats) to start a process of convergence between the UCD and the People's Democratic Party (PDP). The decision by certain prominent UCD members, such as Javier Ruperez, to leave the UCD and join the PDP, triggered the developments that concluded last night with the aforementioned decision.

Among the members of the caretaker committee that will have to deal with the party's debts (initially estimated at some 300 million pesetas) and call the congress are Vicente Alvarez Pedreira, Fernando Alvarez de Miranda, Jose Miguel Bravo de Laguna, Eulogio Gomez Franquiera, Jose Antonio Escartin and treasurer Rafael Garcia Palencia, in addition to Caverio.

At the close of the meeting, Landelino Lavilla, nervous and exhausted by the recent tension-filled days, faced the press for a few minutes but had to withdraw quickly to rest due to his obviously keyed-up state.

The dissolution process raises a question mark about the parliamentary group's future. The blue faction, which is in the majority in the House and the Senate, does not want to keep the initials UCD because that would mean shouldering part of the debts, especially after most of the Christian Democrats leave the party in ruins and seek entry into the PDP. However, they do not want the UCD name to disappear completely either, because that would create legal problems in the parliamentary group. This faction seems to favor getting the liquidation process started but in such a way that it lasts as long as the legislature, in other words, 4 years.

In any event, the parliamentary group wants to take over the prominent political role that the UCD has played, and it has even been suggested that the group transfer its headquarters from its current site on Cedaceros Street to emphasize its independence and leave the party to pay off what it can until it vanishes from the Spanish political map.

#### Cisneros's Ultimatum

The battle between UCD legislators and members of the Executive Committee, which had been latent since the last special party congress, broke out last Thursday evening when Cisneros and his men issued the following ultimatum: "Either you abandon the idea of joining the PDP or there will be no parliamentary group." Tensions ran very high at the meeting, according to several of those in attendance, and Landelino Lavilla was visibly dejected when he appeared before the press.

Concurrently, two committees negotiating a UCD-PDP merger met secretly to avoid being besieged by the press. The meeting, which took place in Juan Antonio Ortega y Diaz Ambrona's office, did not yield any practical result, and they were not even able to draw up a list of UCD members who would immediately move over to the PDP.

Everyone seemed to be waiting for yesterday's meeting of the Political Council, at the start of which Landelino Lavilla, citing "personal reasons," submitted his resignation as party president and told those assembled of his intention to resume his career as a legal adviser to the Council of State. Work began immediately on setting up a caretaker committee to deal with the party's most pressing debts, estimated at some 300 million pesetas and guaranteed mainly by Alvaro Alonso Castrillo.

The rest of the UCD liabilities, which could total several billion, are considered unpayable. In any event, in order to legally renounce these debts, the UCD will have to dissolve legally as well, which is what it is doing, regardless of the approach being taken.

One initial idea was to ask members to remain in the UCD until after the municipal elections, which the party would run in either alone, where it could, or as part of some coalition. In any case, its role would be minimal. Concurrently, it would set in motion the mechanism to dissolve itself, although formally and for vote-getting reasons it would wait until the local elections are over.

In spite of this request, several Christian Democrat activists, such as Javier Ruperez, Javier Tusell, Jose Maria Alvarez del Manzano, Juan Antonio Gomez Angulo and, perhaps, Eugenio Nasarre, plan to leave the UCD early next week, after Sunday's meeting of the Political Council of Alzaga's PDP, which they would then join, having been offered prominent positions.

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## NUMEROUS UCD FAITHFUL JOINING PDP

Madrid EL PAIS in Spanish 20 Feb 83 pp 1, 16

[Text] Close to 400 members of the UCD [Democratic Center Union], which is dissolving, will leave the party today and join Oscar Alzaga's PDP [People's Democratic Party], according to sources in the latter. Among those moving over to the PDP are Javier Ruperez, who has been offered the post of party secretary general, and several other prominent UCD members, whose names were still being discussed last night.

The thinking is that Javier Tusell, Jose Maria Alvarez de Manzano, Vicente Ruiz Monrabal, Luis de Grandes and Juan Antonio Gomez Angulo will likely join the PDP during this initial phase of the operation, which will subsequently bring almost all Christian Democrats into Alzaga's group. Nonetheless, neither Landelino Lavilla nor Juan Antonio Ortega Diaz Ambrona (the former president and former secretary general of the UCD, respectively, until last Friday) have plans to join the PDP, at least for the time being. Neither will Fernando Alvarez de Miranda, who is thinking about forming a progressive Christian Democratic group.

The PDP Political Council will be meeting today to consider the membership requests of the UCD people and, if appropriate, to welcome them in.

Several of the newcomers will occupy leadership posts in Alzaga's party, which to this end will expand the number of seats on its Executive Committee and Political Council.

The PDP has thus become the main beneficiary of the UCD's demise, and Alzaga is taking shape as the new "visible head" of Spanish Christian Democracy.

Approximately 400 members of the Christian Democratic wing of the UCD, which decided last Friday to begin dissolving, will today join Oscar Alzaga's PDP, which is aligned with Popular Alliance (AP), PDP circles reported. This is just a "first phase," and when the process is concluded, "practically all the Christian Democrats who were still in the UCD, except three or four," will have joined the PDP, according to a leader of Alzaga's party, which will thus become the major beneficiary of the UCD's disappearance.

Among the exceptions are the former president and former secretary general of the now moribund UCD, Landelino Lavilla and Juan Antonio Ortega Diaz Ambrona, as well as Fernando Alvarez de Miranda, who is opposed to any pact, even an indirect one, with Manuel Fraga. Sources close to the Humanism and Democracy Foundation, which Alvarez de Miranda heads, pointed out that he might form his own Christian Democratic party, even though it would be a small one, to which end he would have the backing of Latin American Christian Democrats, in particular Andres Zaldivar, a Chilean living in exile in Madrid and the current president of the World Union of Christian Democracy.

The PDP's Political Council will be holding a special meeting today to examine the "numerous" requests for membership from former UCD backers and to admit around 400 of them in an initial phase, members of the PDP indicated. Councilmen, members of provincial Executive Committees and members of the rank and file will be joining on this occasion, along with several persons who were on the national Executive Committee until last Friday. Possibly among the latter are Amalio Graino, Diaz Alersi, Luis de Grandes and Vicente Ruiz-Monrabal. However, these men and the best known UCD figures were still under consideration last night, until the wee hours of the morning, on a case by case basis.

#### The "Engines" of the Shift

Nevertheless, the biggest name among those who will be moving over to the PDP today is Javier Ruperez, who is regarded, along with Alzaga and Marcelino Oreja, one of the "engines" of the shift to the PDP. Ruperez, a former deputy from Cuenca, the former secretary of external relations and information in the UCD and a former NATO ambassador, has a chance to become secretary general of Alzaga's party today, replacing former Minister Jose Manuel Otero Novas. Javier Tusell and Juan Antonio Gomez Angulo, who are very close to Ruperez and were deeply involved in the UCD "apparatus," are also expected to make the move today. As far as Marcelino Oreja is concerned, he might decide to wait until a second stage, after the UCD legally dissolves itself at a special congress. In any event, a vice presidency in Alzaga's party is being reserved for him.

Jose Maria Alvarez del Manzano, who until now has been the UCD spokesman in the Madrid City Hall, might also be among those joining the PDP today, as might Lina Hortas, the former head of Juan Antonio Ortega's office, and, perhaps, Jose Ignacio Wert, a member of the Board of Directors of RTVE [General Directorate of Spanish Radio Broadcasting and Television]. Both Alvarez del Manzano and Wert were involved, along with Ruperez, in the contacts with Alzaga's several weeks ago. They reached the conclusion at these meetings that if UCD Christian Democrats were to join the PDP, the UCD had to dissolve and Landelino Lavilla had to resign. Both Lavilla and Juan Antonio Ortega were unhappy with the rapid pace planned for the operation. The debate in the PDP's Political Council, which will be in session for much of today, is expected to center on the new members, many of whom will automatically take seats in leadership bodies in Alzaga's party, which will be expanded accordingly.

In light of this anticipated transfer, there was intensive activity yesterday both among members of the PDP Executive Committee and in the UCD's provincial Political Councils, where, in general, only Christian Democrats, members of the blue faction and (a few) independents remained. The apparently definitive break between the Christian Democrats and the "blues" will facilitate the shift to the PDP in the provinces, the masterminds of "Operation Alzaga" feel.

Meanwhile, those who were known as members of the Martin Villa or blue faction will try to make their own move, focusing on the municipal elections, in which they will try to get non-Christian Democrat UCD councilmen to run. To this end, they will attempt to have them sign a manifesto expressing their desire to run in the local elections "in a centrist spirit."

8743

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## UCD DISSOLUTION CALLED BLOW TO CENTER

Madrid EL PAIS in Spanish 19 Feb 83 p 8

[Editorial: "The UCD's Death Throes and Demise"]

[Text] The dissolution of the UCD [Democratic Center Union], announced immediately after Landelino Lavilla's resignation was made public, puts an end to the party's painful death throes, whose pace quickened after its catastrophe at the polls on 28 October. Any commentary on this news, which is no less shocking because it was anticipated, must be tempered by a look back at the UCD's indisputable accomplishments during the transition period, accomplishments for which all Spanish democrats are in partial debt to it.

Much of the credit for these accomplishments unquestionably belongs to Adolfo Suarez, who has been formally absent from the UCD since last July but who left its ranks in spirit in February 1981. Contributions to the UCD's achievements in furthering freedom were also made, however, in accordance with their capabilities, by many other men and women who even through the recent elections remained faithful to their party's fading initials and who today must choose between returning to private life or crestfallenly joining the coalition headed by Fraga, which they railed against until just recently and with more than sound reasons. To cite just one example, Landelino Lavilla, the minister of justice from July 1976 to March 1979, played a decisive role in designing and implementing the political reform and later served as a dignified, effective and respectable president of Congress during the recent legislative session.

We do not know to what extent the strategists who organized the campaign against Suarez in the spring of 1980 realized that the UCD, an inverted pyramid resting on the leadership of the government president, was irrevocably doomed to disintegration once the top echelon of its structure had been destroyed. We might assume that the conservatives who later joined Popular Alliance (AP) and the Christian Democrats who subsequently moved over to the PDP [People's Democratic Party] worked almost from the beginning for the "broad Right" and the two-party system that Fraga advocates. The election returns, in which the Socialists won almost twice as much of the popular vote as AP, showed the foolishness of



this scheme. Nevertheless, some of Suarez's other critics, among them Lavilla, probably had a sincere ambition to "regenerate" the UCD, democratize its internal workings, move towards collective decision-making and push the so-called "blue faction" into the background. Paradoxically, Suarez's ouster, in addition to imparting a dizzying pace to the UCD crisis, also heightened the authoritarian features of the ruling party and bolstered the position of the blue faction. The disaster of 28 October evidenced the lack of grassroots support for the renovated UCD and gave the "blues" the upper hand in the party's shrunken parliamentary group.

A special meeting last December put prominent representatives of the Christian Democratic faction in control of UCD leadership bodies. The striking size of the party's debts and the blue faction's reputation for subterfuge added fuel to the hypothesis that the Christian Democrats had been the innocent victims of an cunning trap. The strategy was reportedly to have the party's leaders shoulder the responsibility of dealing with creditors while the parliamentary bloc, which enjoys total political independence, could make its own moves without the debts hanging over it. The Christian Democrats soon realized that the shattered party could not be resuscitated and began edging towards the PDP, which is allied with AP. The rumor (which was never categorically denied) that Landelino Lavilla would be elected to the Constitutional Tribunal and was a candidate for its president (thus inaugurating the ugly custom of turning government institutions into a sort of INI [National Institute of Industry] for politicians weary of daily squabbling) can be explained not so much by the anticipatory megalomania of those who fostered it or by the Socialist Party's desire to stand firm in connection with changes in the high-level tribunal, as by the desire to pull the plug on the UCD members and encourage their shift towards Fraga's coalition.

The disappearance of the UCD furnishes a faction of its leaders and personnel with the opportunity to join this coalition. The UCD's huge debts, which mounted during the recent election campaign and which do not have the slightest possibility of being paid off through contributions by a nonexistent membership, have played a both sordid and decisive role in the denouement to this tragedy. The PDP has been able to impose one-sided conditions in exchange for its acceptance of the UCD's Christian Democrats, and most of the UCD's few legislators have been opposed to the hasty carving up of the party and the handing over of its remains to Fraga.

It was not easy to solve the UCD's problems in a way that respected its political independence, gave it a future at the polls and was something more than a self-destructive act of solidarity with its own past mistakes. Although there is a clear-cut electoral space between the Socialists and Popular Alliance, the UCD's painful recent history disqualified it from seeking to fill that vacuum, towards which Suarez's CDS [Democratic and Social Center] and Miquel Roca's platform are now moving. We cannot rule out the possibility that the entry of UCD Christian Democrats into the PDP will put more distance between the party and AP and lay

the groundwork for it to run on its own in future elections. If the UCD's "barons" were unable to put up with Suarez's leadership, it is almost unthinkable that men like Alzaga, Ruperez or Schwartz would become obedient subjects of an authoritarian Fraga, renounce the ideological positions of the moderate Right and place their political capital in service to a program of authoritarian conservatism under which they personally suffered repression and persecution two decades ago. The fate of the UCD parliamentary group or, rather, of its scant members is still a question mark. The UCD's self-dissolution apparently leaves its deputies (or whoever replace them in Congress) with no other choice than to join Fraga's group or seek exile in the Mixed Group. What a sad ending to an election campaign that cost hundreds of millions of pesetas and that will leave a good million and a half voters without a voice in the Cortes. This is a worrisome outcome for this country's democratic Right, which is now under the sway of a leader and of social sectors that are hardly compatible with the ideas of freedom and progress that this same moderate Right advocates.

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## CATALAN NATIONAL POLICY KEY TO REGIONAL PROGRESS

Barcelona LA VANGUARDIA in Spanish 22 Feb 83 p 6

[Article by Conseller de Treball Joan Rigol i Roig: "Catalanism and Social Progress"]

[Text] There is talk of popular Catalanism, conservative Catalanism, progressive Catalanism, etc. There is talk and discussion about it, because it is part of the controversy among the parties. But the fact is that Catalanism has been, and is a factor for progress, even without the concrete political connotations that it could have had, or may now have. From its beginnings, Catalanism has been the fundamental stimulus for Catalan society. For example, the Catalan "Renaixenca" at the end of the 19th century, which became consolidated during the first third of the 20th century, attests not only to a "desire for being," but also to an indestructible decision to "go further" in progress.

"Noucentisme" as an overall cultural movement for all of Cataluna, broke the barriers of pure romanticism, and was able to offer a plan for a cultivated, civilized, disciplined society; so that this style would not be confined to the elite groups, but rather would penetrate all the strata of Catalan society.

Catalanism was not merely the recovery of a few signs of identity, but rather a social force projected outwardly, which triggered all the machinery of the Catalan society; with the result that the process of recovering our identity ran parallel to another process of modernizing the society itself. These parallel processes reached such a perfect union that nowadays, could anyone consider Catalanism not to be synonymous with modernization of society, or vice versa?

The Association gave a strong impetus to the promotion of culture and public works in Cataluna, definitively contributing to the country's Europeanization. When no one in Spain was concerned over the physically and mentally disabled, the Association dealt with this problem. During this period, medicine and surgery were renewed, and Catalan medical clinics can display examples of the top rank. When Spanish agriculture was continuing its traditional stagnation, the Association began renovating activity in the Catalan rural areas. The Board of Museums and the Archeological Research Service, a creation of the Association, led vigorous progress in excavations and archeological studies. The Association was governed by a rightist party, the Lliga, which was deeply Catalanist. And the question is: did its endeavor, of which we have given only a few outlines, represent progress for Cataluna, and for the Catalan people, or did it not?

If we were to review the accomplishments of the Generalitat de Catalunya during the republican era we would lack space in this article merely for outlining each of its achievements. To give one example, we might say that the Departament de Sanitat y Serveis Socials carried out a campaign to improve the health conditions and to arouse awareness of the sanitation problems; and that it progressed in the battle against tuberculosis and for healthy conditions in the mines.

If Catalunya was able to show fundamental importance in the struggle for democratic liberties during the Franco period, it must be attributed to Catalanism, precisely, the backbone of that struggle. In the struggle to recover democracy in our country, there was a combination of both the working classes and intellectuals and the Church, as well as significant representation from the country's bourgeoisie; and it was precisely the joining of these four elements, whose fundamental point of agreement was the national recovery of Catalunya, which lent the consistency of a society opposed to the Franco regime. The opposition to the regime did not come only from individual sectors, but in our country it assumed the form of an entire people opposed to the political system. Was not this specific quality rooted in Catalanism one of the mainstays of the opposition to the dictatorship?

Because, while we said previously that Catalanism was not only maintaining a "desire for being," but also "going further," based on this desire, this has had to be manifested by the creative desire of the Catalans themselves. Hence, one of the factors which has given a sense of progress to Catalunya is the great proliferation of cultural and social endeavors.

Catalanism as a nationalist doctrine has evoked creative attitudes, and as such it is a constant driving force for the society itself. It knows that its strength lies in a dynamic society, and therefore it stimulates its members to have enterprising attitudes. The strength of Catalanism, by definition, is likewise not based on the possession of state powers, to project a special political option in them; not only because such a state does not exist, but also because nationalism appears as a supporting element in a society, and not as a specific option among the legitimate political options. That is why, in Catalunya, this capacity for initiative in the cultural and social realm has developed, in this abundant framework of associations and institutions present in Catalan society. This abundant associative quality may be a response in the future to that lack of institutions which has occurred in other societies as a response to a type of government based on imposition or paternalism. If there are more numerous museums or libraries in Catalunya than in the rest of Spain, as we learned from the recent exhibition entitled "Catalunya Endavant," and if there are more excursionary centers or cultural entities and musical centers, this is due to Catalanism.

This is because, from that standpoint, Catalanism does not seek only to maintain the phenomena of our own individual features, but rather attempts to keep alive, creative and dynamic the ties which connect the individual with his own society. This may be the last reason that nationalism appears as a progressive political doctrine, fostering the liberty of the citizens. It is not a static system, nor a prefabricated ideal meant to evoke enthusiasm and at the same time promote passive attitudes; rather, it attempts to agglutinate the society as a people on the march.

And the president of the Generalitat has expressed himself along this same line constantly. For example, on 23 March 1981, at the opening of the "La Catalogne Aujourd'hui" exhibition, he said:

"We are not an improvisation, we are not a style, we are not the result of a political or electoral situation. We are a people who want to preserve their identity and their history; but who are, at the same time, preparing for the year 2000.

"We are, as much as anyone, the country of romantic art; but also the country of Gaudi, Miro, Tapies and Dali.

"And from a modern standpoint, we have preserved ourselves, because we have managed to combine the linguistic and cultural 'Renaixenca' with economic and technical progress and modernness.

"With the former alone, we would have been a literary or folk movement; with the latter alone, we would have been an industrial region without a personality of its own. With the two elements combined, we have preserved our identity as a people. We are a people culturally and politically recognized within Spain as a whole."

We have another example on 17 November 1981, at the ceremony marking the transfers of INSALUD [Institute of Health] and INSERSO [Institute of Social Service], when the president told us:

"I have always said that modern Cataluna is the result of two major efforts, two major courses of action: the cultural and linguistic effort, and the economic effort and that to create wealth. For example, the importance that we have attached to the matters involving industrial reconversion is well known. But allow me now to stress something which has a translation of a more immediate human and social type; let me stress the creation of the human network in the country, and of the coexistence among the people in our country: education, territorial policy and health."

And it is from this overall view of the people that such special sensitivity toward the weakest ones arises, not owing to a paternalistic view, but rather the solidarity that is required by the fact that we are part of the same people. This is why, when President Pujol constantly asks for greater attention to the aged, the disabled and the underprivileged in general, he does so not only on the basis of humanitarian criteria (obviously a fundamental reason), but also as a factor in a political view of nationalism, which demands updating solidarity from an overall view of the people and of a nation. Nationalism and solidarity are two notions which are necessarily involved when nationalism is not based on idealism, or on Hegelian absolutist views of the state, but rather on finding cohesion among people both in their roots and in their projection to the future.

2909

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## PSOE REACTS TO PCE CRITICISM, IGLESIAS' STATEMENTS

Madrid YA in Spanish 22 Feb 83 p 10

[Text] The statements made by the PCE [Spanish Communist Party] secretary general, Gerardo Iglesias, during the first electoral rally that he led on Sunday, at a movie theater in Madrid, in which he harshly accused the Socialist government, have brought an immediate reaction from the PSOE [Spanish Socialist Workers Party] federal press office, comparing the Communist leader's criticism to "the political strategy and intentions of the conservative right," aimed at confusing and creating dissatisfaction among the public.

The PSOE note states that this stance is intended to divert the attention of its militants from the problems and disorders of that organization's political leadership, "without regard for the interests of the state and those of the working class. In any event, those attacks will not in the least diminish the government's credibility. The recovery of PCE will not be achieved by these attacks, but rather by demonstrating its ideology and its own alternative."

PSOE expresses regret at the "irresponsible attitude of the PCE leadership, which is leading the organization into outmoded positions."

Iglesias had said on Sunday, during the first pre-campaign rally for the forthcoming municipal and autonomous elections, that "we are not pressuring so much because things are not being done quickly, but rather because genuine atrocities are being committed."

Iglesias claimed that PSOE wants to offer the electorate the political issue of choosing between it and AP [Popular Alliance], and that the bipartisanship has proven dangerous. "The government wants the change to be made without the people's intervention; that is why they have stopped participating in the popular demonstrations that have been held since 28-0."

He added: "If we continue in this way, by the end of the year we shall have 3 million unemployed, and it will be necessary to make a solidary economic policy and to negotiate with the trade unions. All the reforms must be made, if necessary putting up opposition to the CEOE [Spanish Confederation of Business Organizations] business owners; because if the unemployment continues, it would benefit Fraga, who would accuse the left of being to blame for the situation."

2909

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## ULLSTEN, BILDT ATTACK BODSTROM FOR HANDLING OF FOREIGN POLICY

Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 83 p 11

[Article by Lars Christiansson: "Bodstrom Pressed Hard in Ruthless Foreign Debate"]

[Text] Karlstad--Foreign Minister Lennart Bodstrom was harshly attacked Monday evening by both former Foreign Minister Ola Ullsten and Conservative Member of Parliament Carl Bildt. They were of the opinion that the so-called Bodstrom doctrine has led to a misunderstanding of Swedish foreign policy.

This took place at a debate in Karlstad, in which representatives of the five parliamentary parties discussed Swedish foreign policy.

The Bodstrom doctrine--that Sweden should abstain from criticism of the political systems of various nations and only criticize incidents--dominated the debate.

Ola Ullsten stated that it had created confusion about what the government actually stands for. This criticism was shared by Carl Bildt.

#### Cannot See the Meaning

Foreign Minister Lennart Bodstrom believed that the whole discussion about doctrine was due to the malicious and deliberate use by political opponents of a quotation from an interview with him in SVENSKA DAGBLADET.

"What kind of debate is that, which cannot see the meaning behind the words but is only intent on creating misunderstanding?" the foreign minister asked. He referred to the fact that on several different occasions the government had tried to kill the doctrine.

"The government's policy is described in the government declaration, in various statements in Parliament and in a speech I delivered at the Institute of Foreign Policy last fall."



Ola Ullsten then offered Bodstrom the chance of explaining his position once more and asked whether Bodstrom really stood firmly by what he had said in the interview.

"One cannot just refer to what has been written. At some point a foreign minister must also manage on his own," Ullsten said.

Ullsten also pointed out that it is not possible to differentiate in political criticism between systems and individual incidents. They are connected.

"The fact that the military regime in Poland has banned the free labor union Solidarity is a direct result of the country's totalitarian communist regime," Ullsten said.

A very agitated Foreign Minister Bodstrom thought that Ullsten instead of speaking of things that create misunderstanding ought to devote himself to attacking evil in various parts of the world and not talk about cooperation.

Carl Bildt emphasized how important it is to avoid creating misunderstanding in the world concerning Swedish foreign policy.

"Clear language is needed. A spy is a spy. A submarine should be called a submarine. Anyone who acts differently is in fact sending signals which are understood as a direct invitation to both submarines and spies."

Bildt made this statement against the background of, as he put it, "the rounds last fall about the Baltic and the nuclear-free zone."

"The Baltic Sea has become the focus of attention by the major powers in a manner which raises the question of whether there is not a tendency toward greater tension in this area."

Center Party member Per Granqvist frantically tried to steer the debate toward more global problems of resource distribution, which he believed to be among the worst future threats in addition to nuclear war.

There was extensive agreement in the debate between the representatives of the parliamentary parties concerning the basic alliance-free policy. If silence on this issue is to be taken as agreement, even Bo Hammar of the VPK [Left Party-Communists] supported it.

A theme which Ola Ullsten and Carl Bildt had in common was that peace policy which is not coupled with an active foreign policy for freedom and against systematic oppression in the world cannot be called peace policy. This is why criticism of political systems is decisive for the credibility of the Swedish foreign policy.

## Peace Important

All of the participants in the debate also agreed that peace policy is an important part of Swedish foreign policy, and likewise that it is essential to maintain stability in the Nordic countries.

"The strength of the defense is and remains the single most important contribution which Sweden can give to stability and peace in the Nordic countries," Bildt said.

Bodstrom underscored that nevertheless it is confidence in the Swedish foreign policy which is the foremost line of defense. This opinion was shared by both Bildt and Ullsten.

11949

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## PAPER COMMENTS ON VARYING REACTIONS TO PALME'S COURTING OF MIDDLE

Stockholm DAGENS NYHETER in Swedish 6 Feb 83 p 2

[Editorial by Olof Kleberg: "Does Palme Want to Become a New Per Albin?"]

[Text] Fifty years ago Per Albin Hansson's Social Democrats had just come to power on the basis of a crisis program for bringing Sweden out of the depression. But they were only able to form a minority government. The attempt to introduce an active government program to fight unemployment seemed to founder on opposition from the non-socialist majority.

In May 1933 the government unexpectedly came to terms with the Agrarian Party.

The historic parallel to the victory of 1932 played a role in the Social Democratic election campaign last year. Is Olof Palme's invitation to "broad solutions" in the general political debate in Parliament, and today in a DAGENS NYHETER debate article, an attempt at some new horse-trading, 50 years later?

His vagueness is striking, both in his closing argument in Parliament and in today's article. Referring to the difficult economic crisis Palme wants to "seek a broad foundation for the policies." That sounds more or less like traditional Social Democratic compromise politics--on their own conditions. But if any cooperation is to take place between the government and the middle parties, both sides must be able to reevaluate their positions and proposals.

That happened in 1933. The Social Democrats gave up their long-standing fight against the agricultural import duties. The Agrarian Party abandoned its frugal attitude on labor market policy. It became possible to establish a new political attitude by way of radical new thinking.

Clear differences on important issues and tangible distrust, intensified during 6 years of hard confrontation, are blocking the way to cooperation. The political style of the Social Democrats and Olof Palme in opposition was characterized precisely by "unnecessary inflation of the differences in opinion," something Palme disavows in today's article.

Thus, the words are one thing and the actions another. It is necessary to get them to agree. The serious aspect of the Social Democrats' actions after the

election was not that they did not fulfill the four elections promises. Everyone had expected that--although it was unfortunate for the national economy.

However, the gulf between the middle and the government became noticeably wider when the Social Democrats broke the historic tax agreement for which the middle parties had had to suffer so much. A mistake, even in the opinion of the Social Democratic paper OSTRÄ SMÅLAND.

Palme does not mention the wrecked tax agreement. He also chooses to outline the points in common with the middle parties without indicating the main dividing line: the position on public expenditures. This is natural in an invitation to discussion. But in the discussion itself the savings must become a main issue.

On certain essential points in today's article Olof Palme defines his thoughts about an opening toward the middle. He mentions his views of the economic situation, on employment, distribution policy and foreign policy as areas in which the middle parties are close to the Social Democrats. And he proposes a joint review of the proposals of the middle parties, perhaps by expert groups.

The areas of cooperation mentioned by Palme are so large that they actually point more toward organized cooperation, perhaps in a government position.

Palme's renewed extension of his hand toward the middle gets a very varied reception by the press. The Conservative papers see nothing but tactics, a desire to divide the non-socialists. Several Center Party newspapers, such as SKANSKA DAGBLADET and ÖSTERSUNDS-POSTEN, are unimpressed, while another, NORRTELJE TIDNING, is distinctly positive.

The liberal newspaper wait and see. Publications with a general non-socialist opinion, such as VESTMANLANDS LANS TIDNING, are sceptical, others, as for example ESKILSTUNA-KURIREN, FALU-KURIREN or VÄSTERBOTTENS-KURIREN, want to see what happens in a concrete sense in Parliament during the spring.

Social Democratic papers such as STOCKHOLMS-TIDNINGEN, HÄLSINGE-KURIREN and ARBETARBLADET contemplate the same theme. ÖSTRÄ SMÅLAND emphasizes that no side has the perfect solution, while ARBETET, on the other hand, does not seem to anticipate any major Social Democratic concessions. Social Democratic newspapers such as DALA-DEMOKRATEN and DAGBLADET in Sundsvall are totally opposed to the offer.

In other words, the press chorus has many different voices. This is an advantage. It could mean that a debate about the possibility of creating the necessary closer cooperation can now take place. It is very difficult for the parties to break the ties all by themselves. Such things take time. An outside opinion could be decisive.

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CSO: 3650/118

## OBSERVER DISCUSSES CURRENT POSITION OF CONSERVATIVE PARTY

Stockholm DAGENS NYHETER in Swedish 8 Feb 83 p 6

[Commentary by Sven Svensson: "Adelsohn in Protected Sector"]

[Text] The Conservatives are in the protected sector of politics. The Social Democrats have not wanted to do any infighting with the Swedish Conservatives, the middle parties have not dared and the mass media have not had the strength. Furthermore, the Conservatives are getting overly favorable figures in Sifo's [Swedish Institute for Public Opinion Research] voter polls. But Palme's courtship of the middle parties may perhaps signal tougher times ahead for Conservative leader Ulf Adelsohn.

The Social Democrats have long been splintered in their attitude toward the Conservatives. One phalanx has wanted a strong conservative group to have as a punching bag, as in Norway, while others preferred strong middle parties which offer the possibility of cooperation.

In the Sunday DAGENS NYHETER Palme wrote that historically seen there exists a non-socialist left, which can form a barrier for the conservative forces and prevent the collective non-socialist opinion from slipping too far to the right.

Better late than never. Up to now the politics of the Social Democrats were almost exclusively aimed at opposing the Conservatives in order to appeal to the middle parties and their voters. The best known example of these tactics is the aftermath to "the wonderful night" of the tax settlement.

As soon as the agreement had been made, Kjell-Olof Feldt insisted that the middle parties had "prostrated themselves on the ground" for the Social Democrats. Nevertheless, the marginal tax cuts for mostly high-income earners are estimated to cost 10 billion over 3 years, and the limits on deductions for homeowners 1.4 billion.

The figures show that the tax reform is principally non-socialist politics, and the ongoing negotiations are likely to illuminate this in no uncertain terms.

If there is any reality behind what Palme writes and says, things will change from now on. In the future the Social Democrats will subject the Conservatives' politics to ruthless scrutiny.

If that is so, it is welcome from the aspects of purification and honesty. There is great discrepancy between the Conservatives' many and sweeping tax cut proposals and the much-vaunted economy proposals, which are very imprecise and insubstantial when it comes down to it.

#### Housebroken

The middle parties helped establish the Conservatives as a housebroken government party and paid a high price for that. Their voters scattered like chaff before the wind. Many voters fled to the Conservatives, nearly that many to the Social Democrats. And both Falldin and Ullsten stand there with a long face after 6 years in the Chancellery.

The Conservatives have succeeded in their double maneuver of both catching the wind from the right and the dissatisfaction in Swedish society, and of stealing the more liberal costume of the middle parties.

This was possible because the middle parties did not dare criticize the Conservatives too heavily. The explanation is that many non-socialist voters are automatically of the opinion that the non-socialist parties ought to stick together against Palme, who is still the archenemy.

#### Cantankerous

In this matter the Conservatives have managed to represent even justified criticism by the middle parties as an expression of incurable cantankerousness.

The successes of the Conservatives are also due to the power of attraction which Gosta Bohman had over many voters even during the period he was minister of economics, even if his economic policies were almost catastrophic.

Thorbjorn Falldin was very careful in his criticism of the Conservatives, although as prime minister he could have met force with force. Falldin's freedom of action was limited by the fervent desire of many voters that Falldin should be like Bohman, at least on television.

Now the situation is completely different. In the recent general-political debate in Parliament Falldin showed that after the years in government he speaks with considerably more weight and authority than Adelson. The hangups Falldin had vis-a-vis Bohman are not present in the case of Adelson.

#### Riding the Wave

The mass media like to be on the winning side. In the early 1970's it was Falldin who was riding the green wave; later, Gosta Bohman slid down the side of the conservative wave.

It is clear that scrutiny of the Conservatives' policies has been somewhat deficient and that the Conservatives used their organization for appearances of various kinds in the mass media.

On television the ability to act is more important nowadays than conveying the facts, and Bohman was a skilled actor. Furthermore, there was often so much trouble between Falldin and Ullsten that Bohman for that reason already had a clear and unjustified advantage.

Ulf Adelsohn could have a tougher time with mass media. There were indications of quarreling even during the most recent election campaign, but at the moment most everything seems just fine.

However, there is perhaps a great deal in the balance for Adelsohn. The level of tolerance in the mass media is surely much lower in Adelsohn's case than in Bohman's. That is probably due mostly to his age.

The pollsters as well are among the Conservatives' support troops. This is true in particular of Sifo, which nowadays shows a constant overrepresentation for the Conservatives.

Before the election last fall the Conservative figures hovered between 25 and 28 percent in Sifo's election barometers, while election prognoses 2 days before the election showed 25.5.

#### Error

When the election results became available the Conservative figure stopped at 23.6 percent, which was an error of 2 percent in comparison with the election prognosis and of 4-5 percent compared to the election barometers.

The picture is the same after the election. Sifo now shows 27-28 percent for the Conservatives. This is not plausible, even if success often breeds success. Experience shows that 4 or 5 percent shifts in voter opinion over only a few months are completely unrealistic. The voters do not change opinion quite that rapidly.

Now that Palme seems prepared to start attacking the Conservatives, no one should believe that he is doing it for the benefit of the middle parties. In fact, the conservative wind threatens the Social Democrats more than it does the wounded middle parties. The risk exists these days that voters will shift directly from the Social Democrats to the Conservatives.

This is true in particular in the metropolitan areas, where a two-party system is in the process of developing, at least among voters under 30.

Many of the younger voters who voted for the Social Democrats in the most recent election did so because Palme appeared to better guarantee full employment than did a non-socialist government.



### Sympathy for the Conservatives

A fiasco on this point will sow the seeds for Conservative dissatisfaction propaganda among the young people who voted Social Democratic in the last election.

Many older Social Democrats, who have saved and worked hard to own a house, also agree with large portions of the Conservative doctrine. And that includes opinions on hooliganism in the city as well as the uncertainty about the pensions.

So there is good reason for Palme to take up the fight with Adelson.

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## CHRISTIAN POPULATION SEEN MOVING TOWARD LEFT

Stockholm DAGENS NYHETER 6 Feb 83 p 7

[Commentary by Anders Mellbourn: "Competition for Votes of Congregations; Christians Move Toward the Left"]

[Text] Between the election of archbishop last month and the major church council next month, the question arises: What happens to the Christians in politics?

The answer is that among younger Christian voters the traditional political pattern is in the process of changing. More and more move toward the left.

This is no mass movement. But the tendency is still considered steady. In recent years the Liberal Party has lost half of its sympathizers among nonconformist Christians under 40.

At the same time not only the Social Democrats but the VPK [Left Party-Communists] as well is gaining ground.

The Liberal Party has lost its grip over the Christian voters as well.

In recent years the Social Democrats, and even the VPK, found support in groups where they were previously poorly represented.

As in the electorate as a whole, opinion voting has increased, while traditional ties have decreased in importance for the choice of party.

It is a historical fact that church involvement has had a strong connection with non-socialist political views. Persons active in the Church of Sweden formed a support group for the Right-Wing Party and the present Conservative Party. Nonconformist Christians have been Liberals.

This was taken for granted to such an extent that since 1968 not even election researchers bother to ask about the religious affiliation of the voters.

But at the same time as the interest of the election sociologists has decreased, a great deal has begun to happen among the Christian voters, to judge from many indications.

DAGENS NYHETER has had access to the basic tables for the study of opinions and lifestyles in a representative sample of nonconformist Christians, which was undertaken by Sifo [Swedish Institute for Public Opinion Research] in 1978 at the request of the Ansvar insurance company.

#### Pattern

In an analysis by DAGENS NYHETER of these data, distinct and previously unnoticed generation differences appear: The younger Christian voters are moving toward the left.

According to the traditional pattern, in the 1978 study the Social Democrats were strongly underrepresented among nonconformist Christians in comparison with the population as a whole.

Only 20 percent of those who replied favored the Social Democrats, which is about half of what would be normal. Support for the Conservatives was even weaker, comparatively: only 6 percent.

The Liberal Party, on the other hand, had the support of 26 percent of the nonconformist Christians and the KDS [Christian Democratic Union] as many as 29 percent.

The KDS figure has a special explanation. The KDS has a totally dominating position in the Pentecostal Movement, the largest individual nonconformist movement today, with nearly 100,00 members. Two-thirds of the Pentecostals in the Sifo/Ansvar study favored the KDS.

Within the Swedish Missionary Society, however, which has over 80,000 members and is representative of the religious groups traditionally involved in society (among which Baptists and Methodists are also counted), only 6 percent belonged to the KDS, while as many as 45 percent favored the Liberal Party.

#### Supporters

Social Democrats, Conservatives and Center Party people received about the same support among Missionary Society members as among nonconformist Christians overall.

But entirely new lines of development appear when the nonconformist voters in the DAGENS NYHETER analysis are divided into age groups. The support for the Liberal Party is then halved among those who are 40 years old or younger (to 15 percent among all of them and 24 percent among Missionary Society members).

However, the support for the Social Democrats increases, in particular among Missionary Society members, where it doubles in comparison with older persons. (Six percent of the younger Missionary Society members even supported the VPK.)

To be sure, the figure of 32 percent Social Democrats among Missionary Society members under 40 means that the Social Democrats are still below the average for the general electorate, but the development is unequivocal.

#### Guess

Although there are no figures from last year, it would be a reasonable guess that the trend continued.

There was a marked increase for the Conservatives as well (to 9 percent), but from an almost negligible starting point. On this occasion the Center Party held firm at 20 percent of the support of all age groups.

What the sympathies are among those active in the Church of Sweden we still do not know. But later this spring Sifo and Ansvar will publish a new study, this time dealing with members of the Church of Sweden and their attitudes.

In a study of ministers and parsons published by the Institute of Religious Sociology in 1976, 30 percent of the ministers of the Church of Sweden supported the Conservatives. The Conservatives were thus the most popular individual party among the ministers. Only 11 percent of the ministers were Social Democrats (and 2 percent were VPK supporters).

#### Uncertain

But even if the election statistics are unknown and uncertain, people in the parties confirm for DAGENS NYHETER the assumption that during the last 10 years a shift toward the left has occurred among Christian voters (at the same time as the Conservatives, at least among nonconformists, increased their share of the voters in the still non-socialist Christian majority).

The Liberal Party says that it has lost Christian voters both to the left and to the right. The Christian branch of the Social Democrats, the World Brotherhood movement, shows a revitalization during the last 10-15 years.

To be sure, the membership figure has remained constant at a modest 9,000, but the membership has become much younger. The proportion of theologians and other opinionmakers within the church and in the societies has also increased among Brotherhood members.

#### Radicalization

The Christian Social Democrats have adopted several programs of ideas which have received much attention and have begun to form an avantgarde to the labor movement together with the youth and women's organizations.

There are explanations both inside and outside the church for what has happened among the Christian voters.

The overall radicalization of the political debate in the late 1960's took hold in the churches as well. Involvement for increased development aid,

Vietnam and other liberation struggles in the third world and later on the peace movement coincided in time with several major international joint Christian conferences.

#### Development Aid Weeks

The general meeting of the World Council of Churches in Uppsala in 1968 was greatly influenced by questions of international justice and meant a great deal to the Swedish churches and societies. During the 1970's this interest received its organizational form in the so-called ecumenical development aid weeks, which are still held in November each year.

But the change in the Christian electorate also reflects a general pattern. Political-scientific studies of the most recent elections underscore that class voting is decreasing, while the choice of party is increasingly governed by concrete issues.

#### Competition

Correspondingly, the inherent Liberal sympathies of the nonconformists are being loosened up. Political competition has developed for the congregation members, and the individual nonconformist congregation can no longer provide a natural choice of party-political involvement.

On the other hand, it can offer involvement in an issue--international solidarity, peace, environment--and leave it up to the congregation member himself to draw the party-political conclusions from it.

To the Social Democrats and the VPK the addition of Christian voters represents quite a small group seen as a whole. There are few indications that the leftist parties regard the Christians as very interesting.

To be sure, the chairman of the Christian Social Democrats Evert Svensson mentioned to DAGENS NYHETER the one-percent goal for development aid and to some extent the church-state and alcohol and narcotics problems as examples of issues in which World Brotherhood members during the 1970's met with response for their politics in the parent organization.

Interesting in this connection is the increased influence of Brotherhood members on actual church matters. Previously, it was usual that the party primarily wanted to control the church, so that it would not become too extreme in its faith and cost too much. Social Democratic church politicians were often uninterested in matters of faith.

A World Brotherhood member, Soren Ekstrom, is now an adviser on church-related matters to the Minister for Civil Service Affairs. And more than half of the Social Democratic representatives to the new church council in March are Brotherhood members, several of them ministers.

But Olof Palme and his colleagues do not seem to have given much thought to the Christian Social Democrats, neither in the composition of the cabinet nor in the formulation of government policy.

#### Disappointed

The Brotherhood members were forced to conclude in disappointment that they remained without a representative in the cabinet. And only two of all the new political civil servants--in addition to Soren Ekstrom Bernt Jonsson at the Foreign Ministry--are Brotherhood members.

The actual government policies may in the long run be of greater concern than the chiefly symbolic personal issues. The government is now emphasizing industrial policy, technical research and export and other issues.

This is a far cry from the questions of the quality of life--peace, environment, restraint in using natural resources--in which the Brotherhood movement has primarily been interested.

The Social Democrats may therefore have problems keeping their new Christian voters, who joined the party on the basis of their views, should a situation develop in which these views disagree with the actual policies carried out by a Social Democratic government.

In that case the Liberal Party would have a chance to win back its formerly so important groups. But the Liberal Party as well is talking more about exports and the balance of payments than about environment and social morals. The Liberal Party's increasingly determined emphasis on the importance of the market economy also is not likely to lure back primarily Christian voters.

Since his appointment as second vice chairman at the extraordinary national meeting of the Liberal Party recently, Ingemar Eliasson has become the foremost representative of the nonconformists in the party after former education minister Jan-Erik Wikstrom.

In a conversation with DAGENS NYHETER he agrees that the party has not to any greater extent brought up this perspective in its attempt to analyze the election losses over the last 10 years. He understands the criticism of all the party leaderships since Bertil Ohlin because they were too technocratic.

#### Profile

He thinks it is urgent now to give the party a softer profile, although it may be difficult.

Even during last year's election campaign it was noticeable that the KDS was aiming for these easily moved people, who are dissatisfied with both the Social Democrats and the Liberal Party.

In recent years the KDS has increasingly emphasized its environmental involvement and appealed to the Christian idealism. The politics of purely Christian interest in moral issues were overshadowed.

Even if the KDS registered gains in the 1982 election, however, it remains a party with its sole natural support in the Pentecostal movement. In particular in the traditionally socially oriented nonconformist church societies a distrust of organized individual Christian parties still remains.

#### The Environmental Party

For this reason it is perhaps rather the Environmental Party than the KDS which might be tempting to the more radical Christian voters, if the politics of the parliamentary parties become increasingly technocratic over the next few years. It is possibly an indication for the future that in last year's election campaign the Environmental Party was the only party with a nonconformist Christian chairman, Ragnhild Pohanka.

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## ORGANIZATION KEY TO SUCCESSFUL COMMUNIST REVOLUTION

London ISCININ SESI in Turkish 14 Feb 83 pp 6,7

[Article by Demirhan Yurekli and Savas Basaran]

[Text] The deep economic and social crisis the Turkish bourgeoisie has fallen into continues with all its severity. The fascist junta has been unable to rescue the bourgeoisie from this crisis. Opening up to the Middle East and the Far East and becoming imperialists is today a dream of the Turkish bourgeoisie.

The bourgeoisie is running out of strength and trump cards. Turkey's fate is revolution. A lasting solution of the problems requires a social revolution. The bourgeoisie has no confidence in its strength and is afraid of this revolution. This lack of confidence is reflected in every area.

Communists are always obligated to assess the concrete situation correctly and to find correct answers to concrete questions. At various times, the ISCININ SESI carried articles about organization addressing the needs of the period. What organizational need does today's organization mobilization address?

In Turkey, capitalism is growing faster than it has in the history of developed capitalist countries. However, the Turkish bourgeoisie has failed to organize in a manner to keep pace with this growth. On the other hand, a fresh and fighting working class was born in Turkey as a result of capitalist development. However, the working class was not sufficiently organized to destroy capitalism and to launch the revolution. Those who attained a certain qualitative strength in organization either confined that fighting spirit of the working class in a reformist labor union movement, thus limiting the battle to economic struggle, or failed to rise above the level of various vendetta organizations which are detached from the working class and which do not threaten the government machinery. As a result, the organization of the working class aimed at revolution fell behind.

Today, with the help of the fascist junta, the bourgeoisie is realizing the organization it felt the need for to keep pace with capitalist development.

Thus, the working class must also set up modern organizations which will topple the bourgeoisie and which will establish socialism. Our comrade, Emine Engin, says on this issue:

"Today, fascism and bourgeoisie are, in a sense, going ahead with their own organizational mobilization. They are reorganizing their economic and political institutions so as to keep pace with the requirements of capitalist development.

"In contrast, the organization efforts of the working class could not adequately keep pace with the requirements of fast capitalist development and gradually fell behind. At this time, since the working class is confronted with this problem, since it must resolve this problem in any case and since the enemy is in the process of solving such problems of its own, we must develop the organizational level of the party." (Emine Engin, "Let Us Raise Our Party Higher", ISCININ SESI, No 223-224)

The crisis of the bourgeoisie continues. It is very likely that in the near future the opposition of the people to the fascist junta will swell at various levels. Opposition to the fascist junta is already a fact that has engulfed the society in the form of grudge, hatred and insults. There is grumbling everywhere. Preparations must be made to channel these dissatisfactions into revolution.

"We must form an army which will be able to rise in any situation and at any time and which will be able to knock down whatever it strikes at. Only an organization like this can defeat the bourgeoisie, lead the revolution to a triumph and establish socialism."

This is a time of preparation for the revolutionary movement. Developed organizations and mature cadres are necessary to give direction to the voices of dissatisfaction coming from a dissonant society. The Turkish Communist Party and ISCININ SESI responded to this concrete problem closely related to the Turkish revolution by starting the mobilization for organization. This is a timely and correct decision.

The things we must do in the mobilization for organization and the role of ISCININ SESI in organization:

1. Without basic organizations around the country, a communist party cannot exist and it cannot lead the revolution to success. This rule is also valid for our party. Therefore, in the mobilization for organization we must strengthen and institutionalize our existing organizations and we must set up new organizations. Our task is to install scrupulously the norms of the communist party in our organizations and to develop and strengthen the Turkish Communist Party, which is the leading organization of the working class and the vanguard of the Turkish revolution.

2. In the process of mobilization for organization the abilities and party loyalties of party members must be reviewed. The broadest possible distribution of work must be insured; no one must be left without job or function. If there are inept administrators, they must be removed from administrative positions in a comradely manner and they must be assigned to more suitable duties.

3. The organizations we will establish now must be mature organizations and cadres who will be able to adapt to the conditions of different times, who will be able to withdraw and take part in defense at times of reactionism and who will be able to organize offensives and rebellions without hesitation at times when revolutionary conditions are on the rise.

4. We must establish a network of organizations which will gather around our central press organ, ISCININ SESI, which will work together in harmony in accordance with the requirements of the whole country, which will interpret events in the same manner and which will take a common political stance around the country.

5. Institutionalization within organizations must be secured on a countrywide basis. Each organization must be a brick in the fortress being built and each brick must be placed at its correct place in the wall. Only an organization like this can lead revolution to success and establish socialism.

/Being organized and organization are closely related to revolution. The stronger we make our communist party today the sooner will come the revolution which will annihilate fascism./

Since being organized and organization are closely related to revolution, we must be very sensitive on this issue. What kind of organization must we plan? Our organizations will never be trapped in the quicksand of reformism and economism like the Mensheviks nor will it ever commit the mistake of forming vendetta squads like the petit bourgeois movements. This is guaranteed by the fact that all our comrades and organizations are working within the framework of a Leninist organizational understanding and the fact that they are pursuing their organizational work under the guidance of our central press organ, ISCININ SESI.

In his article entitled "Where to Start" in ISKRA, Lenin outlined the Bolsheviks' understanding of organizing the communist party. First Narodnik, then Menshevik L. Nadeydin--in his pamphlet entitled EVE OF REVOLUTION--opposed Lenin's approach that "a newspaper is not just a collective propagandist and agitator, but also a collective organizer"; these men accused Lenin of being a magazine lover and supported the idea of forming strong local organizations. Lenin was planning to create and train powerful political organizations which would be able to interpret the problems affecting all of Russia in the same manner and which would be able to mobilize all revolutionary organizations for a general offensive against autocracy on a countrywide basis.

Lenin outlined a newspaper's important task in organization as follows:

"This newspaper can become a part of a massive ironsmith's bellows which can flare every spark of the class struggle and the anger of the masses into an extensive fire. Literally an organized army of experienced fighters can be systematically gathered and trained around this organized and common effort, even though that effort is very innocent and very small at the moment." (Lenin, "What to Do", pp 205-207)

These quotations clearly show the importance Lenin attached to the newspaper in organizational approach and in getting organized. We, too, must never--and especially during this time of organizational mobilization--forget Lenin's understanding of organizing around the central press organ.

Today, just as Lenin said, we have a press organ--the ISCININ SESI--whose contents are deeply meaningful, which is published regularly and which is read by a broad segment of society. Our task in this organizational mobilization is to make sure that ISCININ SESI reaches the masses in the most extensive and reliable manner. ISCININ SESI is our most powerful weapon in organizational mobilization.

We can briefly list the organizing functions of ISCININ SESI as follows:

- a) An organized distribution of ISCININ SESI will primarily bring us face to face with a broad social segment connected with politics. It is this kind of a social segment that reads our paper whose contents are deeply theoretical. This segment constitutes 90 percent of the readership of ISCININ SESI.
- b) An overwhelming majority of this segment is the progressive sector of the proletariat, which forms the first link in the chain we must build in order to organize.
- c) We must try to establish ties with circles closest to this progressive sector of the proletariat. Because the circle with which this progressive sector of the proletariat is in contact is the democratic segment of society. Thus, in addition to bringing us in contact with the masses, ISCININ SESI is opening up for our party an important area of organization. Setting up, developing and strengthening organizations from these possibilities is tied to the skills and organizational abilities of agitators and propagandists.

Here, let us dwell on an important point. There may be people who misinterpret the approach of organizing through a newspaper. That is, there may be people who may think: "I can go on the street, distribute the newspaper and come home and lie down. Our paper is doing the organizing on its own." That is a very wrong and harmful approach. It means evading the primary task. That would be laziness. Organizations cannot be set up that way. Even if they can, they would be organizations whose aims would most probably be uncertain, who would lack party norms and who would have no discipline. Not all those who read a paper understand and interpret it the way they should. They may interpret it subjectively. Thus there may be many individuals and groups who support ISCININ SESI but who act different from each other. The work to organize intensively and in a disciplined manner must never be let to go lax. It is necessary to be bold and to defend the organization scrupulously against all possibly harmful developments. When the newspaper enters a household, the organizer must enter with the paper. He must discuss the paper in all its aspects. If we do that it will be possible to gather the fruits of our work. If we do that fresh and healthy organizations will flower everywhere.

A serious political paper which does not bore its readers is a powerful weapon in the hands of anyone who knows how to use it. We do have such an effective weapon in our hands.

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## CHIEFS OF ARMY, AIR FORCE COMPLAIN OF PLANS TO CUT FORCES

Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 83 p 6

[Article by Erik Liden: "Chiefs of Military Services: 'Wrong to Eliminate Fighters and Brigade'"]

[Text] Army Chief Nils Skold and Air Force Chief Sven-Olof Olson are both critical of the government's proposal to reduce the wartime organization by one Norrland brigade and one Draken fighter division.

"I find it extremely curious that the government submits such a proposal when a unanimous Defense Committee and a unanimous Parliament have expressed the need for stronger air defense," Lieutenant General Sven-Olof Olson says.

The Draken aircraft needed for the 12th fighter division are presently sitting at F 18 in Tullinge but will be moved, according to plans, to F 17 in Kallinge in 1985.

"The marginal costs of 30 million kronor annually, which a retention of this fighter division means, cannot be determining for the military portion of the defense budget," says the chief of the Air Staff, Major General Event Bage.

In the long run eight fighter divisions will have the Viggen and four the Draken. About 90 Draken aircraft of the most recent manufacture, around 1970, have been reserved for these four divisions, of which three will be based at F 10 in Angelholm and the fourth in 1985 in Ronneby. An investment of 10 million kronor is needed for that. When the Viggen begins to be retired around the year 2000, the JAS is to replace those planes.

## 'Unity Needed

"Therefore it would be valuable if the politicians once more could unite around the need for a competent fighter defense with a sufficient number of aircraft," Event Bage says.

"This year it requires an extra allocation of 30 million kronor for the Air Force."

The Army as well has reserved equipment for a fifth Norrland brigade. Among other things, 500 tracked vehicles were ordered from Hagglunds in Ornskoldsvik as late as last year for this brigade.

"The government has not wanted to take a stand now," Lieutenant General Nils Skold says. But the tracked vehicles will be delivered and must be used effectively. Against the background of the unanimity in the defense decision regarding the need to strengthen the defense in upper Norrland, everything indicates that the fifth Norrland brigade will be organized."

Furthermore, training of this brigade has already begun at I 13 in Falun, since the Army Staff last year interpreted the Defense Committee in such a way that the new Norrland brigade was taken for granted in the wartime organization.

"The threat picture and the Soviet military growth around Murmansk on the Kola peninsula indicate the increased importance of the entire Arctic area of the Nordic countries. Thus, it would be favorable to stand by the government's original decision. In our economic planning the wartime organization will be reviewed once more, and in the fall I know that the Army wants to propose some changes to the government."

#### Refresher Courses Retained

"The problem for us in the defense," Skold says, "is that we are already hard pressed financially. Despite this, the government now wants further economy measures to be undertaken. This increases the demands on us actually to reduce our peacetime organization rapidly."

The Army chief refers to the gratifying support for complete retention of the refresher training.

"No refresher courses will be canceled during 1983/84. The only thing that will happen is that a few military units, which for reasons of age are to be reorganized with modern materiel, will have to wait with the refresher training."

This means that in the military forces more than 100,000 conscript officers and soldiers will undergo refresher training during 1983/84.

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## NAVY CHIEF RUDBERG: SWEDEN IS TESTING GROUND FOR SUB TACTICS

Stockholm SVENSKA DAGBLADET in Swedish 9 Feb 83 p 9

[Article by Erik Liden: "'Sweden Is a Guinea Pig in Submarine Warfare'"]

[Text] Storlien--"Sweden is a guinea pig when the major powers test new technology and new methods for submarine behavior in a submerged state."

"Our possibilities for preventing this are greatly limited today," concluded the Navy Chief, Vice Admiral Per Rudberg, when he touched on the military-strategic and security-political importance of the ocean and the depths of the sea.

"The serious submarine incidents around our coasts in the last few years speak their own unambiguous language, and nothing indicates that the submarine power struggle will cease. On the contrary, our own close-in area is more and more affected and will be to a perhaps even greater extent in the future."

## Superiority

Rudberg emphasized that both major power blocs are seeking superiority in the submarine area and in other modern underwater technology.

"This applies to both quality and quantity. The balance of power is affected by this struggle between the major powers. The struggle between submarines and countermeasures takes place simultaneously, but it is very uneven."

"Antisubmarine warfare technology has not had the major breakthrough which was long believed and hoped for. Other marine activities also make locating by sonar under water more difficult.

## Only in Its Beginning

Rudberg was of the opinion that underwater technology has had an explosive development but yet is only in its beginning.

"Dives to greater depths, more advanced submarine vessels and new underwater weapons and other technological aids are constantly being demonstrated."



Rudberg was also critical of the resources for surveillance of the territorial water limits.

"Expansion of this limit has meant advantages, but if they are to become real we must receive technical resources which are such that the territorial sea can be guarded with reasonable security both on and under the surface, in wartime as well as in neutrality during war in the world surrounding us."

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## MILITARY ADVISOR FOR LOS TALKS DOUBTS USSR PACT IN BALTIC

Stockholm SVENSKA DAGBLADET in Swedish 9 Feb 83 p 11

[Article by Erik Liden: "Naval Expert Does not Believe in Halfway Line Negotiations"]

[Text] Storlien--"It is utopian to believe in a division of the sea between Gotland and the Soviet Union. The Soviet Union simply does not want to divide up that area according to the halfway line principle."

That was what Commander Cay Holmberg, a military expert with the Swedish delegation to the conferences on the Law of the Sea, said at the continued conference of People and Defense in Storlien on Tuesday.

"The compromise Sweden has prepared is therefore of no interest. The Soviet Union would like the Baltic to be an inland sea, where Sweden and the Soviet Union could share fishing, mineral deposits, oil and other things."

"Today, all nations may fish in the Baltic in accordance with the fishing quotas which are in effect. If the halfway line principle were to be applied, the Soviet Union would get less opportunity for fishing in the area near Gotland, for example."

Holmberg also pointed out that a Swedish compromise is almost impossible.

"To the north we have heavily fortified Faro and to the south is the oil which may exist in the Baltic. For totally different reasons Sweden thus wants the whole area east of Gotland. In the north we do not want drilling rigs with military installations near our own, and in the south we want to search for oil on our own."

"For many reasons I am therefore completely convinced that the discussion about a dividing line in the Baltic is totally academic," Cay Holmberg said. "It will never result in anything."

Any new negotiations with the Soviet Union have also not been planned by the Foreign Ministry in Stockholm.

## LOS TALKS' MILITARY ADVISOR SEES WAR DANGER IN DISPUTES

Stockholm SVENSKA DAGBLADET in Swedish 10 Feb 83 p 11

[Article by Erik Liden: "Law of the Sea; 'Major Conflict Threatens Within a Year'"]

[Text] Storlien--"Unless the United States, Great Britain, the FRG and Japan sign the Law of the Sea agreement within 1 year, the world risks considerably more serious conflicts than the Falklands war."

This serious statement was delivered by Commander Cay Holmberg, who is a military expert with the Swedish Law of the Sea delegation, when the People and Defense conference ended in Storlien on Wednesday.

The Navy chief, Vice Admiral Per Rudberg, also spoke about a year of grace for the major powers before the multinational companies on their own without international treaties will begin to exploit the sea floor in their search for oil and valuable minerals such as titanium, cobalt, nickel and manganese.

"The Falklands war will only be the beginning of larger conflicts about who has the right to the depths of the oceans. This is why it is very urgent to sign the agreement," Admiral Rudberg said.

## Profits for Foreign Aid

Sweden has signed the Law of the Sea agreement, but it requires the ratification of 60 nations before the agreement becomes legally binding.

The dispute concerns how the ocean areas outside the economic 200 nautical mile zone, which all nations automatically have the right to use, should be distributed, how income from oil finds and mineral mining should be used.

One proposal is for the UN to control the profits and to use a certain surplus each year for foreign aid.

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## BRIEFS

**BALTIC FISHING QUOTAS AGREED**--On Thursday the government established the fishing quotas for 1983 in Swedish waters in the Baltic Sea. These are the results of negotiations last fall with the Baltic nations about fishing in the Baltic. Swedish fishermen and foreign fishermen who have license to fish within the Swedish fishing zone will this year be allowed to catch a total of 102,000 tons of herring, 5,500 tons of sprat and 66,000 tons of cod. The quotas are somewhat higher than in 1982. At the same time the government decided to ban trawling for herring in Skagerrak during the period 1 February - 31 May of this year. The reason is that the stock of herring must get a chance to grow. On the other hand, herring fishing without trawl may take place along the coast, if the vessel is smaller than 90 tons and the fishing is done within 2 nautical miles from the coast. [Text] [Stockholm SVENSKA DAGBLADET in Swedish 14 Jan 83 p 16] 11949

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